



LEXINGTON  WWW.KENTUCKY.COM

HERALD-LEADER



PGA CHAMPIONSHIP
**DARK HORSES
LEAD THE PACK**
SPORTS — C1

**Your cable TV lineup
is about to change**

Some channels to get new homes

CITY | REGION — B1

AUGUST 17, 2003 | SUNDAY | METRO FINAL EDITION

\$1.75

Power is back; inquiry begins

THREE LINES IN OHIO TAKE
INITIAL BLAME FOR BLACKOUT

HERALD-LEADER WIRE SERVICES

NEW YORK — Stalled subway trains lurched to life here and power was fully restored in Detroit yesterday, signaling the return, for the most part, of normalcy to the tens of millions of people hit by the worst blackout in North American history.

While a few communities continued to struggle with periodic electricity shortages, the vast majority of residents in New York, Michigan, Ohio and five other states affected by Thursday's blackout had their power restored. Most cities in Canada affected by the outages also saw the return of their power supplies.

Investigators said yesterday that the blackout, which toppled numerous power systems within seconds of 4:11 p.m. Thursday afternoon, was probably caused by a failure to contain problems

See **BLACKOUT, A14**

What didn't happen

Some expected chaos; it never descended.
Week in Review, A3

Cancel the ashtray order, please

SMOKING BAN ALTERS NEEDS
OF RESTAURANTS, BARS

By **Laura Yuen**

HERALD-LEADER STAFF WRITER

Two days after Lexington's city council voted to ban smoking in most public buildings, Mark Rogers, who sells Smokeeater air cleaners out of his Louisville office, received a phone call.

The owners of Bellini's, a new Italian eatery on Main Street in Lexington, decided they didn't need a Smokeeater after all. Preparing for the smoking ban, they saved about \$2,800 by canceling their order for the air filter.

When Bellini's opens for business Monday, it will be smoke-free.

As the point man for a market that spans Kentucky and southern Indiana, Rogers oversees a branch office of United Air Specialists that once enjoyed the company's highest Smokeeater sales in the country.

See **BAN, A14**

IDI AMIN

Ex-Ugandan president dies

Idi Amin's presidency was marked by wide-scale torture and killings that some estimate reached 300,000. He was thought to be about 80 when he died.
Details, Page A4.



OxyContin sales — and abuse — boomed, revealing the risk of a 'blockbuster' narcotic

MILLIONS SOLD, OFFICE BY OFFICE



DAVID STEPHENSON | STAFF

Dr. William Pratt, who practices in London, says he gets as many as 10 visits from pharmaceutical sales representatives in a week. He is critical of the initial sales techniques used by Purdue Pharma, the maker of OxyContin. The company defends its tactics as neither misleading nor unfair.

STRATEGY TARGETED BUSY DOCTORS, HIT KENTUCKY

By **Charles B. Camp**

HERALD-LEADER STAFF WRITER

When the small, family-owned company that invented OxyContin unspooled a sales strategy for its little morphine-like pills in the late 1990s, a bull's-eye landed on Eastern Kentucky.

Purdue Pharma bought the usual medical journal ads, mailed out fliers and stocked up on promotional giveaways, such as scratch pads and coffee mugs.

But it spent far more on a technique commonly associated with bigger firms and less-regulated drugs: one-on-one selling to select doctors.

Between 1996 and 2001, as OxyContin became the nation's top-selling narcotic, Purdue invested more than \$500 million deploying a small army of sales representatives around the country, according to previously confidential corporate records.

It offered the reps some of the best paychecks in the business. And it gave them sophisticated intelligence about doctors' prescribing practices, according to documents from a little-noticed Ohio lawsuit and a closed

ABOUT THIS SERIES

Behind an OxyContin crisis

In a series of special reports this year, the Herald-Leader has examined the local causes, from poor law enforcement to underfunded treatment centers, behind Appalachia's prescription-drug abuse crisis.

This report, which continues Monday, explores another question: How do so many pills find their way into Eastern Kentucky?

The story of OxyContin, the powerful painkiller linked to dozens of overdose deaths among abusers, provides some answers. You've read about how the drug was abused. Now learn how it was sold.

ON PAGE B1

Doctor caught at border

A South Shore physician, due to be sentenced this week on drug-trafficking charges, tried to flee the country, officials said.

investigation by the Florida attorney general.

Purdue used the prescribing data to help it break into a rich market: family doctors who were the busiest prescribers of competing pain pills for everything from backaches to car-crash injuries.

That targeting made Appalachia fertile territory for Purdue's salesmen. The region had a long history of heavy painkiller use. In 1998, for example, parts of southwestern Virginia, Eastern Kentucky and West Virginia received more of OxyContin's competing painkillers per capita than anywhere else in the nation, federal data show.

Purdue's strategy worked. In 2000, national OxyContin sales exceeded \$1 billion, earning the industry's coveted "blockbuster" status. In Kentucky, that translated to 9.7 million pills.

But illegal users soon tapped that vast reservoir of pills with deadly consequences, especially in rural America. By 2001, OxyContin was known as "Hillbilly Heroin," coveted by Appalachian junkies.

And Purdue was fighting allegations that its sales and promotion were to blame.

See **OXYCONTIN, A16**

>KNIGHT RIDDER<

INFORMATION FOR LIFE



STORM POSSIBLE

Chance of precipitation
about 30%. **Weather, C20**

87 | 64
HIGH | LOW

INDEX

Vol. 21, No. 226
© 2003

A La Carte Section J
Arts + Life Section E
Books E7
City | Region Section B

Classifieds . Sections F, H
Crossword, Jumble . . E10
Lottery A2
Movies E8

Obituaries B4
Opinions | Ideas Section D
Sports Section C
Travel E4

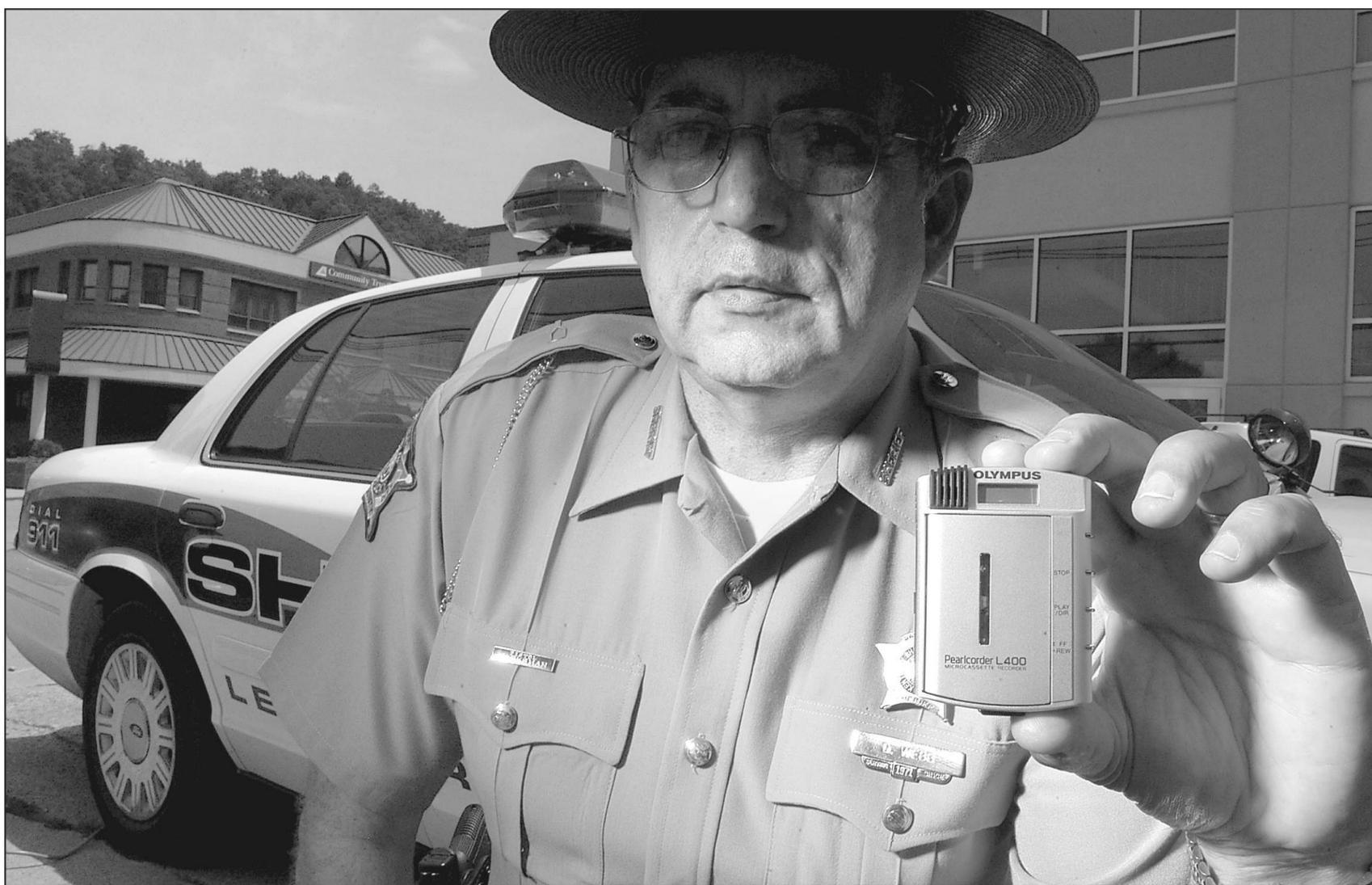
HOW TO REACH US

Delivery: (800) 999-8881
Classified: 233-7878 or (800) 933-7355



“This money was like a blessing.”

Danny Webb
Letcher County sheriff



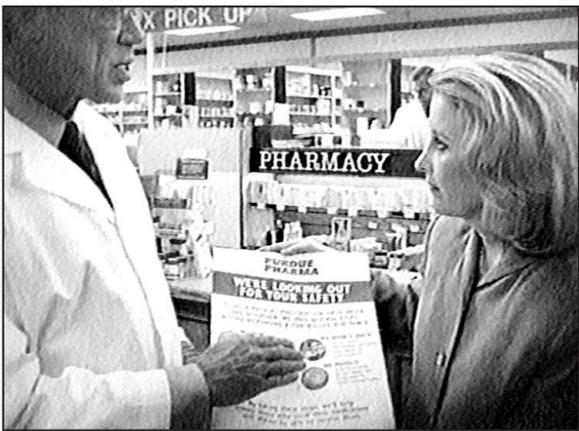
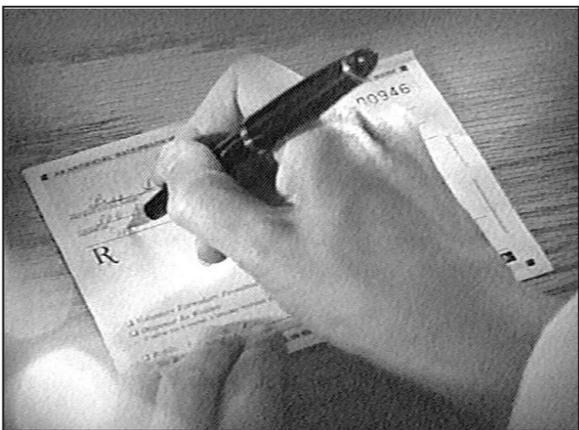
DAVID STEPHENSON | STAFF

The Letcher County Sheriff's Department used a Purdue Pharma grant to buy tape recorders to use in drug stings. Before the grant, Sheriff Danny Webb said, he sometimes used money from his own pocket.

ON TV

Purdue Pharma launches new kind of ad campaign

In commercials it aired extensively earlier this year, Purdue Pharma urged viewers to help stop prescription drug abuse. The ads never mentioned OxyContin, the painkiller that has brought Purdue more than \$1 billion in annual sales in recent years. Instead, they showed ways the company has helped police and medical professionals fight prescription drug abuse.



\$10,000: THE PRICE OF PREVENTION

Drug maker offers cash for police programs

By Charles B. Camp
HERALD-LEADER STAFF WRITER

OxyContin abusers and dealers busted in Letcher County these days can probably thank the maker of OxyContin.

Since March, undercover deputies have arrested more than two dozen suspects by using new \$250 hidden tape recorders to document the stings.

The money to buy the machines — and a lot more — came from Purdue Pharma, which manufactures the pain drug.

The company has given Letcher County and seven other Kentucky police agencies \$10,000 each this year to use as they see fit to fight illicit drugs. Five more grants are pending.

“This money was like a blessing,” said Sheriff Danny Webb, who had no such funds available when he took office in January.

For Purdue, the handouts aren't mere philanthropy. They're part of an intense, high-dollar program aimed at repairing OxyContin's battered image.

For as OxyContin became a favorite of narcotics abusers, many doctors in Appalachia and other rural parts of the nation turned skittish about prescribing it and a number of patients shied away from taking it.

'Sense of responsibility'

Purdue now is spending heavily — some \$130 million a year by its measure — to help curb that illicit use and restore the drug's medical reputation.

About \$100 million is paying for research into a new formula for the drug that would thwart abuse yet keep its pain-relief qualities, said Robin Hogen, Purdue's vice president of public affairs.

Purdue is spending \$6 million for television and newspaper ads in seven states, including Kentucky, to rally the public against illegal pill use.

It donates seed money for grassroots drug fighting programs and provides doctors and pharmacists with tips on detecting abusers and doctor-shoppers. Last year it spent \$240,000 for free forgery-proof prescription pads for doctors.

And Purdue officials regularly attend drug-abuse conferences to defend OxyContin, while its public relations department cranks out press releases touting the company's courtroom victories over critics.

Hogen concedes the company's “commercial interest” in such efforts.

Where the money goes

Eight police agencies have accepted \$10,000 from Purdue Pharma this year to use as they see fit to fight illicit drugs.

Counties: Letcher, Harlan and Perry

Cities: Pikeville, Jackson, Pippa Passes, Georgetown and Cumberland

The Kentucky State Police declined money, so Purdue donated 1,000 brochures that show troopers the exact size, shape and color of pills that are controlled substances.

But, he added, “The owners of this company care deeply about this problem and feel a gnawing sense of responsibility to help solve it even though they didn't create it.”

\$10,000 grants

Cash donations to police agencies are “strategically focused on hot spots” in Kentucky, Virginia and Ohio, said J. Aaron Graham, a former cop and federal drug agent Purdue hired as vice president for corporate security about a year ago.

Graham, whose résumé includes work as an undercover drug smuggler, said he asked law officers what Purdue could do for them. The answer: Send money.

So far, sheriffs in Letcher, Harlan and Perry counties, and police in Pikeville, Jackson, Pippa Passes, Georgetown and Cumberland have collected \$10,000 checks, the company said. Purdue also donated to the Kentucky State Police 1,000 brochures showing the size, shape and color of pills that are often abused.

Graham said that with the extra cash, police “could be more successful. If they are, they can make OxyContin abuse go away. And that's what we want,” he said.

“The objective is to put bad guys in jail; they don't want baseball caps.” In Letcher County, Webb plans to buy tiny video cameras next. Most of the rest of his grant will finance undercover drug buys.

“I've used my own money from my pocket several times” for that purpose — in all, about \$800, he said.

OxyContin is one of his biggest problems, he said. It is also expensive now that supplies have tightened. The strongest pills have cost \$120 on the street, up 50 percent from 2001.

In Harlan County, Sheriff Steve Duff deposited all of Purdue's grant in a drug-fighting account he established

seven years ago.

“You can't afford to turn down that kind of money,” he said, explaining why he applied for the grant. His deputies recently made one bust that required \$5,000 in up-front cash to buy 50 OxyContin pills, he said.

Purdue has taken other steps to help officers, such as supplying realistic dummy OxyContin pills for use in stings and funding a database to track pharmacy robberies and burglaries.

But it doesn't contribute to programs that treat OxyContin addicts. Asked why, Hogen, the public affairs official, replied: “We can get much more impact for the dollar with prevention than with mopping up the problem.”

A new ad pitch

Purdue is pouring “a couple hundred thousand dollars” into TV, print and radio ads in Kentucky to call public attention to prescription drug abuse, Hogen said.

Three weeks of ads ran in Lexington, Louisville and Frankfort earlier this year, and another round will begin next month and continue through Thanksgiving, he said.

Some past TV spots featured a uniformed police officer talking about the problem but didn't mention OxyContin by name. They offered free “tool kits” with detailed instructions on how to launch local abuse-prevention projects.

So far, 89 kits have been sent to Kentuckians, Hogen said.

“Most people are clueless about this growing public health problem,” he said.

Purdue last year began funding academic research into prescription drug abuse, including collection of data on the extent of illegal use, addiction and the sources of the drugs.

The project is costing \$3 million to \$4 million a year nationally and includes at least one study in Appalachia, Hogen said.

In fact, Hogen asserted, if it were possible, Purdue would simply stop selling OxyContin in about a dozen places where the problem is rampant.

“We'd draw a line around Eastern Kentucky, and parts of Florida, Maine and Virginia and we'd take the hit on the sales line because of the collateral damage” to the drug's reputation.

But Purdue has no plans to take such an unusual step. And besides, he added, cutting off the supply “would be inhumane” to legitimate OxyContin patients.



PUSHING TO PRESCRIBE

OXYCONTIN |

Purdue says reps taught doctors about proper use

From Page A1

The way Purdue Pharma officials see it, OxyContin's phenomenal growth had more to do with widespread untreated pain than with hard-charging salesmanship.

"You can't sell a billion dollars of anything if you aren't meeting a need," said Robin Hogen, Purdue's vice president for public affairs.

Claims of overly aggressive selling are groundless, he said. No one has ever accused the company of criminal activity or collected a dime by suing. Unlike others, the company doesn't buy doctors lavish dinners or sports tickets. Nor does it advertise to consumers.

"Other than that, we go to market the way most companies do," he said.

That's the problem, say some critics. OxyContin isn't an allergy medicine or a cholesterol reducer; it's a narcotic in the category that federal regulators reserve for drugs with the highest potential for abuse.

Purdue should have stressed limited use "rather than encouraging and targeting some physicians to use OxyContin aggressively," said Dr. Robert Anthenelli, a University of Cincinnati medical school associate professor, in an affidavit filed in a lawsuit in Butler County, Ohio, Common Pleas Court.

Purdue used more "hype" in its pitches than other pain-pill makers have, according to Dr. William Pratt, a family physician for 30 years in London. His local OxyContin representative is "a nice guy," he said, but "his job is to sell, sell."

Pratt said he was annoyed by what he thought were biased speakers at early pain-treatment meetings Purdue sponsored for doctors. Purdue's Hogen said the company doesn't tell speakers what to say and wouldn't support misleading presentations.

The Food and Drug Administration has slapped Purdue twice for medical journal ads aimed at doctors. One warning said the company overstated the drug's uses and understated its risks to an "especially egregious and alarming" extent. Purdue killed the ads.

Cincinnati lawyer Stanley Chesley characterized the promotion of OxyContin more bluntly at a hearing last February in Butler County: "They copycatted the drug dealers of America in marketing, but they did it bigger and better," he said, referring to Purdue and other defendants.

Investing in a painkiller

Well-dressed drug reps — called "detailers" in the trade — are fixtures in doctors' waiting rooms, chatting up receptionists and nurses and angling for a few precious minutes with the doctor in a hallway or office.

In 1996, Purdue dove into detailing with the kind of commitment usually seen among far bigger companies. The company launched OxyContin with total sales and promotion spending of \$40 million. By 1998, it had more than doubled that amount and in 2001 it laid out \$267 million.

"They were playing hardball, no doubt about that," said Eric Bolesh, a senior analyst with Cutting Edge Information, a Durham, N.C., drug industry consultant.

Purdue was trying to take a far larger slice of the narcotics market than ever before, company records reveal. Sales of another pain drug it makes, MS Contin, had reached about \$100 million the year before OxyContin came along. But almost 70 percent of it went to cancer patients, and it would soon face competition from cheaper generic versions.

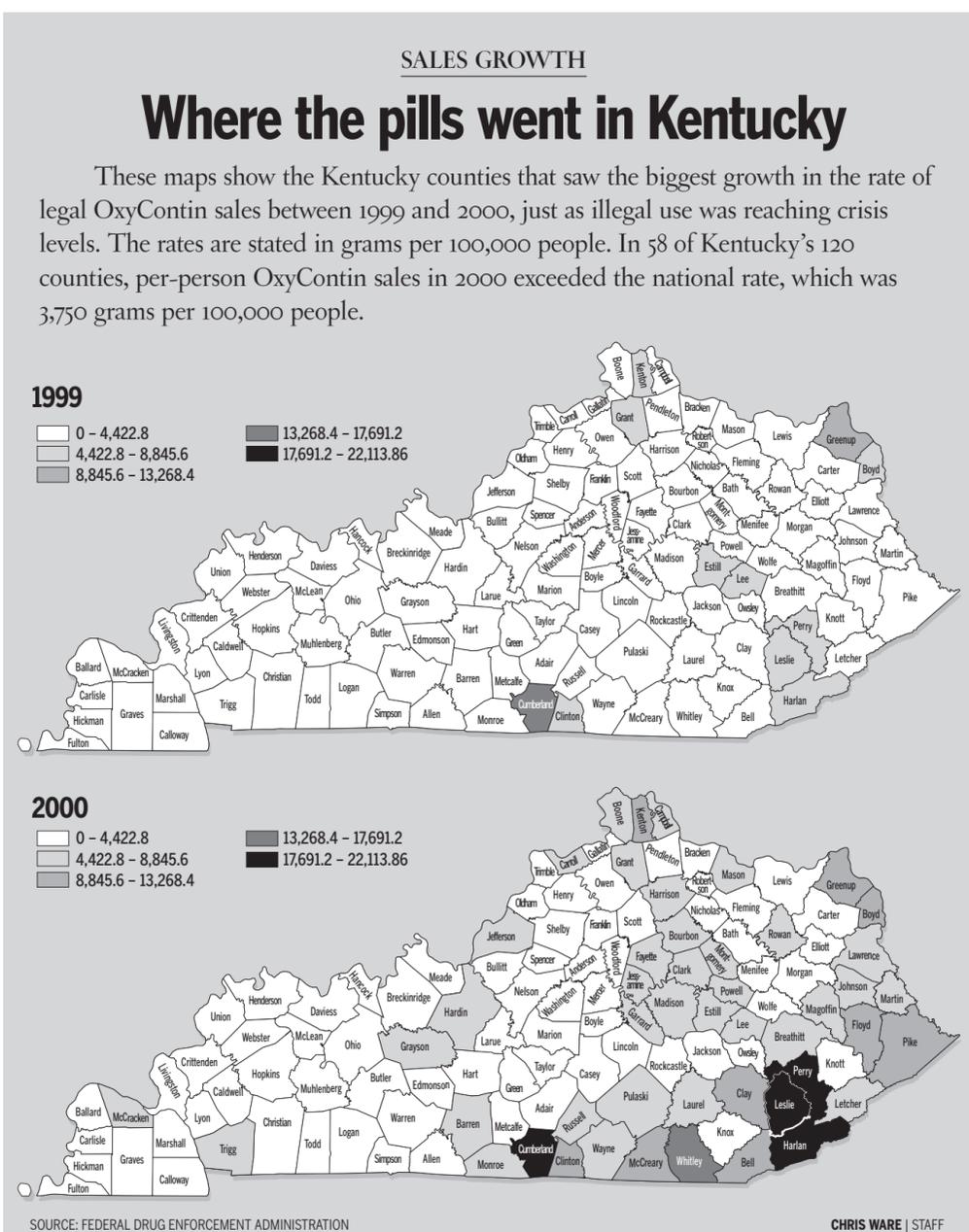
OxyContin was aimed at the broad narcotics market, a billion-dollar business. Surgery, injuries and backaches and arthritis were each bigger sources of prescriptions than cancer pain.

To reach this new market, the company would spend heavily on its sales people.

Critics have claimed that OxyContin promotional gimmicks and ads in medical journals were excessive, but Purdue actually spent less freely than many drug makers on such things.

Also, federal law prohibited free samples to doctors, and Purdue refrained from advertising OxyContin on television or in magazines and newspapers — two big costs for most drug firms.

Instead, the company pumped most of its sales and promotion spending into its field reps, described in strategy documents as "our most valuable resource." It also hired industry giant Abbott Laboratories to promote the drug to doctors in hospitals and other institutions. In 2001, Purdue spent \$149 million on its field reps; Abbott



BY THE NUMBERS

The making of a blockbuster

From 1999 to 2001, the number of "blockbuster" drugs — that is, the number of patented, brand-name drugs that generated \$1 billion in sales per year — nearly doubled, from 15 to 28. Only one of them was a narcotic.

OxyContin joined the blockbuster club during 2000, just four years after its introduction. Sales in 2001 were about

\$1.4 billion.

Narcotics, which make up less than 4 percent of the pharmaceuticals market, are rarely blockbusters. The big guns are usually anti-depressants such as Zoloft, anti-ulcer pills such as Prilosec and broad antibiotics such as Cipro.

Here's how several well-known drugs compared in 2001:

| LIPITOR | OXYCONTIN | ALLEGRA | VIAGRA |
|--|---|--|--|
| Rank: No. 1 | Rank: No. 15 | Rank: No. 21 | Rank: No. 29 |
| Treats: High cholesterol | Treats: Moderate, severe pain | Treats: Allergies | Treats: Erectile dysfunction |
| Sales: \$4.5 billion | Sales: \$1.4 billion | Sales: \$1.2 billion | Sales: \$984 million |
| Prescriptions: 53 million | Prescriptions: 6.8 million | Prescriptions: 19.4 million | Prescriptions: 14.6 million |
| Average price per prescription: \$84.96 | Average price per prescription: \$218.08 | Average price per prescription: \$60.10 | Average price per prescription: \$67.30 |

Costs to the company

It takes money to create a blockbuster. Here's how some categories of OxyContin sales and promotion spending grew.



THE COMPETITION

Another narcotic maker used similar sales strategy

Purdue isn't the only narcotic maker that sends sales reps out to call on doctors.

Janssen Pharmaceutica, a unit of the big drug company Johnson & Johnson, actively details Duragesic, a stick-on patch that puts a powerful painkiller into the body through the skin. Duragesic was introduced in 1991, five years before OxyContin.

Janssen's reps call on cancer doctors, pain specialists and "select" primary care doctors, the company said in a statement. The size of Janssen's force and other details weren't available.

Like Purdue, the company advertises

in medical journals. But it goes further, promoting the patches directly to the public through a Web site and sometimes in other materials.

Janssen's Web site claims the patches, which last up to three days, are more convenient than pills, even two-a-day pills. The site doesn't mention OxyContin, but Purdue's product is the best-known two-a-day pain pill.

The company's statement characterized such material as "educational" and said, "Janssen markets Duragesic in an appropriate and responsible manner."

Duragesic patches contain fentanyl, a narcotic that regulators rank with mor-

phine and oxycodone, the ingredient in OxyContin, for abuse potential.

Illegal drug users have found ways to extract the drug or manipulate the patches to obtain a heroin-like high — one technique involves heating them with blow-dryers — but reports of abuse are less common than for pills, police officials say.

Janssen has sought to capitalize on publicity about pill abuse in past promotions. One, which the company said it discontinued years ago, involved giving OxyContin patients fliers that mentioned pill abuse when they picked up their prescriptions at drugstores.

CHARLES B. CAMP

was paid more than \$90 million.

Initial plans called for 350 Purdue reps to focus on thousands of doctors' offices across the country. Abbott put an additional 300 to work contacting specialists.

Today, it's not clear how many Abbott reps are selling OxyContin, but Purdue's in-house sales force has more than doubled to 750, said Hogen, the spokesman. The Kentucky force also more than doubled, from three to seven.

Big drug companies spend about \$150,000 per detailer in pay and other costs, Bolesh's group calculates. In 2001, Purdue spent nearly \$200,000 a

head, its records indicate. Even eight years ago, as it launched OxyContin, the company budgeted \$135,000 per sales rep.

"You're looking at big boys' rates," Bolesh said of Purdue's 1995 plans. "They were really taking a gamble on this."

Doing their homework

"When an OxyContin salesman walks in the door, he knows more about my prescribing than I do," said Dr. Art Van Zee, a critic of the drug from St. Charles, Va., just over the Kentucky border from Harlan County.

Purdue records filed in Ohio show

that it armed reps with weekly and monthly data on specific pain drugs that the doctors in their territories were prescribing. Purdue bought the information from a specialized research company, which in turn buys most of it from pharmacies.

Purdue gave reps computer data ranking pain-drug prescribers on a scale of one to 10, tallying the brands and dosages they wrote and even showing how patients paid.

Such prescribing information "must be used to target the highest potential physicians," a Purdue marketer urged in a 1995 proposal.

But prescription information wasn't

the only advantage OxyContin detailers brought to their sales meetings. They knew far more about their drug's effects than most primary-care doctors, who often aren't abreast of new treatments.

By 2001, that gap troubled Asa Hutchinson, then director of the federal Drug Enforcement Administration.

With family doctors, especially in rural areas, "you wouldn't have the same level of expertise in pain management as you would with the pain-management specialists," he told a congressional hearing investigating OxyContin abuse in 2001. "It's the sales presentation that is the greatest concern."

The company describes the main role of its detailers as teaching doctors to use the painkiller properly, officials say.

"There seems to be a misunderstanding about our contacts with doctors and pharmacists, which we view primarily as an educational responsibility," Paul Goldenheim, Purdue's executive vice president, told the committee after Hutchinson spoke.

But newly opened records raise a question about how well all reps stuck to that mission.

Questionable material

According to notes from a Florida attorney general's investigation, William Gergely, a former Purdue district manager, said the company gave him two kinds of training materials when the drug was introduced. Some were "just for his information and education" and hadn't been submitted to the federal Food and Drug Administration, and others had. A Florida newspaper has quoted Gergely as saying that he used unapproved material in sales pitches.

Hogen, of Purdue, called Gergely a disgruntled former employee and said that if he used unapproved materials, he violated the company's instructions.

Gergely, who managed eight to 10 reps in West Virginia and western Pennsylvania before leaving the company in 2000, didn't return telephone calls to his Pennsylvania home.

Records produced in both Florida and Ohio also make clear that Purdue expected to capitalize on a perception that OxyContin, made of a chemical called oxycodone, was less powerful than its predecessor, MS Contin, which is made of morphine.

Several documents cite "the negative stigma of morphine," which is still seen by many physicians in its Civil War-era context as the last-gasp painkiller of dying soldiers. At the same time, the papers note that many doctors feel comfortable with existing pain pills that include oxycodone as an ingredient.

Yet a 1999 Purdue-sponsored study entered in the Ohio case concluded that oxycodone is nearly twice as potent as an equal amount of morphine.

Purdue said in response that the relative strengths of the drugs don't matter because physicians adjust doses according to the drug used.

Rewards of sales

Successful OxyContin sales people were well rewarded. Gergely, the former West Virginia manager, made \$238,000 in his last year with Purdue, according to the Florida notes.

Records from Florida and Ohio indicate that some field reps made about \$150,000 a year — two-thirds of that in sales-based bonuses. Generally, drug detailers' bonuses range from 10 percent to 50 percent of their total compensation, according to drug industry research.

In a letter to the Florida attorney general's office, Purdue said that a 2000 industry study of 63 pharmaceutical companies showed that Purdue's pay structures for sales reps were similar to the rest of the industry.

By 2001, Purdue's sales managers were recognizing another reality.

They pulled 160 reps into the home office from 100 counties with serious abuse problems and gave them a new mission: Talk to doctors only about preventing abuse. Fifteen of the 100 counties were in Kentucky.

Sales reps in those areas still include the message in their sales presentations, the company said.

Marketers also proposed spending \$3 million the next year on promotions for doctors about controlling abuse.

A mid-2001 document delivered important news to the sales force: Purdue would stop paying its reps bonus money on sales generated by doctors arrested for improper prescribing.

It warned it might do the same on business from physicians under investigation, who had lost their federal drug licenses or who had suspicious prescribing patterns.

To date, Purdue has stopped paying bonuses to reps on prescriptions written by 214 doctors — five in Kentucky.

And reps were told one more thing: It would be their job to report any such doctors to Purdue's management.

Reach Charles B. Camp at (859) 231-3256; 1-800-950-6397, Ext. 3256; or ccamp@herald-leader.com.

