

# **Minn. law sheds light on drug companies**

By MARTIGA LOHN, Associated Press Writer – August 21, 2007

A groundbreaking Minnesota law is shining a rare light into the big money that drug companies spend on members of state advisory panels who help select which drugs are used in Medicaid programs for the poor and disabled.

Those panels, most comprised of physicians, hold great sway over the \$28 billion spent on drugs each year for Medicaid patients nationwide. But aside from Minnesota, only Vermont and Maine require drug companies to report payments to doctors for lectures, consulting, research and other services.

An Associated Press review of records in Minnesota found that a doctor and a pharmacist on the eight-member state panel simultaneously got big checks — more than \$350,000 to one — from pharmaceutical companies for speaking about their products.

The two members said the money did not influence their work on the panel, and the lack of recorded votes in meeting minutes makes it difficult to track any link between the payments and policy.

But ethical experts said the Minnesota data raise questions about the possibility of similar financial ties between the pharmaceutical industry and advisers in other states.

"In the absence of disclosure laws, there's certainly no way to know," said Jack Hoadley, a research professor specializing in Medicaid at Georgetown University in Washington. "There are a lot of physicians in general who have at least some contract or grant funding out of pharmaceutical companies, and additional (who) do speaking engagements."

The AP began looking at the records in mid-June. Soon after, the Minnesota Medicaid Drug Formulary Committee began considering a conflict-of-interest policy that would require members to disclose such financial relationships and recuse themselves from voting in some cases. The committee is expected to act on the policy next month.

John E. Simon, a psychiatrist appointed to the panel in 2004, earned more than \$350,000 from drug companies between 2004 and 2006. Pharmacist Robert Straka

served from 2000 to 2006 and collected \$78,000 from various drug makers during that time.

Both men, and the committee chairman, said the payments did not influence their work with the committee.

But state officials said they would examine the panel's past actions for any bias tied to the payments, and they will start screening appointees to more than two dozen advisory councils for similar links to the drug industry.

They will also require the Drug Formulary Committee to begin recording how each member votes at its meetings.

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The Minnesota advisory panel's recommendations to the state Human Services Department are almost always followed. The committee guided \$240 million in spending on drugs for 202,000 patients last year. That's slightly less than a third of all the state's Medicaid patients — mostly disabled and mentally ill people whose medical bills are paid directly by the state.

The top drugs for Minnesota Medicaid patients covered by the panel's advice in recent years have been schizophrenia treatments from Eli Lilly & Co. and AstraZeneca PLC — Lilly's Zyprexa from 2000 to 2004, followed by AstraZeneca's Seroquel in 2005 and 2006. About a third of the drugs on the state's preferred drug list are made by companies that paid Simon, Straka or both.

A medical ethicist said state drug advisers should not take pharmaceutical companies' money because of the power the panel exercises over the poorest, most vulnerable patients.

"This is a high-stakes committee," said Dr. Arthur Caplan, chairman of medical ethics at the University of Pennsylvania School of Medicine. "If you're going to have your hand on that tiller, you don't want to think that anybody is trying to push it."

Some other states have taken tough measures to guard against that. Nevada bars anyone from serving on its Pharmacy and Therapeutics Committee who is in any way paid by or affiliated with a corporation that makes prescription drugs.

"It's as clean as we can get or we can dream up," said Charles Duarte, the state's Medicaid administrator.

In Idaho, committee members can be fired on the spot for failing to disclose a conflict of interest.

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**Here's what the Minnesota records show:**

Simon, a Minneapolis psychiatrist, earned \$354,700 from companies including Eli Lilly and AstraZeneca from 2004 to 2006 in honoraria, speaker's and consulting fees, and other payments ranging from \$500 to \$93,012. His stint on the formulary committee began in June 2004.

Simon said he continues to speak about new medicines for pay, giving talks an average of every week or two. He said the engagements let him share his expertise with primary care doctors and other health care workers who care for mentally ill patients.

Simon said his work for drug companies — primarily Eli Lilly, which has paid him nearly half a million dollars since 1998 — has not posed a conflict of interest because the antipsychotics, antidepressants and dementia drugs he promotes have never been discussed by the panel.

He declined to name the drugs, citing confidentiality agreements. If those drugs came up for discussion, he said, he would disclose his connections and abstain from voting.

Simon said he should be able to vote on drugs made by the companies that pay him, as long as they don't come from the neuroscience or psychiatric divisions that pay him. But, he said, he would not oppose a stricter standard.

"There's absolutely no record of my biasing in favor of one company or another or any of them," Simon said. "I figure the preferred drug should be the one that cuts the best deal with the state."

Spokesmen for Eli Lilly and AstraZeneca said their companies' relationships with Simon had nothing to do with his role on the panel.

Lilly spokesman Phil Belt said Simon even voted against Lilly products, including a growth hormone and an insulin.

"It just wouldn't be appropriate to assume or imply that our relationship with him is in any way a product of or influenced by his role on the Drug Formulary Committee," Belt said.

Straka, a University of Minnesota pharmacy professor, earned \$78,100 in honoraria and other fees from 2000 to 2006, including \$36,745 from Schering-Plough Corp. and \$24,623 from Merck & Co. He served on the panel from September 2000 to March 2006.

Straka said he was paid for educational talks usually arranged by medical groups who lined up the sponsors. He said he routinely discloses his ties with drug makers and did so as a formulary committee member, both verbally and in writing.

"I have no problem with the issue of fully disclosing things. I do that all the time," Straka said.

But a public records request by the AP turned up no information about Straka making such disclosures. Nor do such statements appear in the committee's minutes going back to February 2001. Other committee members and staff interviewed by AP could not recall him disclosing compensation from drug makers.

The information about Straka's earnings might not have come out at all, because drug companies are not required to disclose payments to pharmacists under the Minnesota law. Many did so anyway in his case, with some listing him as an "M.D." in their reports.

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Dr. William Korchik, the panel's chairman, said he supports disclosure of committee members' relationships with drug companies, "whether it's stock, research or speaker's fees."

Korchik said he didn't know the extent of the financial relationships until contacted by AP. But Korchik defended the panel's work, saying the ties did not bias a group that works mainly by consensus.

"This whole thing may be an issue of appearance of conflict, but I really feel comfortable that the committee has not been hoodwinked," he said.

Al Heaton, a pharmacist who has served on the committee since the early 1990s, is the only panel member mentioned in the last six years of minutes for disclosing a potential

conflict of interest and abstaining from a vote — on bone drugs he had gotten funding to research years earlier.

"I think that's important to know," said Heaton, the director of pharmacy at Blue Cross and Blue Shield of Minnesota.

"An individual may be perfectly honest and totally objective, but finding it out afterward, then you always wonder were they or were they not?"

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On the Net:

Drug company disclosures: [http://www.phcybrd.state.mn.us/main\\_pay.htm](http://www.phcybrd.state.mn.us/main_pay.htm)

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