

► Managing the pharma freebies

As hospitals and clinics restrict drug samples, the industry is moving to vouchers, coupons, and dispensing machines to attract new prescriptions.

BY CHARLES SCHMIDT

Next time you ask your doctor for a free prescription drug sample, don't be surprised if you walk out of the clinic with a sample voucher instead. Not to worry, a participating pharmacy will honor the voucher and hand you the drug for free. But the doctor will be out of the loop—and most hospital administrators will be happier for it. Experts increasingly view sample distribution by doctors rather than pharmacists as a liability—in terms of both patient safety and compliance with regulatory and industry safety standards. Vouchers are seen as an improvement because they engage the pharmacist in the sample transaction. With hospitals increasingly limiting their use of samples, some experts suggest that the voucher system could eventually relegate physician samples to a footnote in medical history.

A flood of free pills

Free samples are a pillar of pharmaceutical marketing. Last year, according to IMS Health, a trade group, drug companies doled out \$7.2 billion in free pills, an increase of 10% over the previous year. The pharmaceutical industry relies heavily on samples as a way to introduce doctors and consumers to new medications. Care providers like samples too: They provide a way to get new drugs to patients while they are waiting for prescriptions to be filled.

But many hospital administrators now say that the rising flood of samples is getting out of hand. "We had cabinets full of samples and no record of who had received them or who they were being

given to," recalls Timothy Lesar, director of pharmacy at the Albany Medical Center in Albany, NY. "The samples were going all over the place. They were being given to secretaries, family members, and house officers. And in the event of a recall, there was no way to locate who was taking the drug." Last year, at Lesar's urging, the Albany Medical Center imposed a virtual ban on samples, with exceptions allowed in some limited circumstances.



The Albany Medical Center's ban reflects a growing industry trend. Dozens of hospitals and clinics throughout the country have imposed similar restrictions on the use of samples by their staffs. Lesar says that the restrictive policy in his hospital not only reduces the risk of violating New York State regulations on drug handling, which apply to all drugs including samples, but also helps to ensure compliance with related standards established by

the Joint Commission on Accreditation of Health Care Organizations (JCAHCO), the main accrediting body for hospitals in the United States. The JCAHCO inspects hospitals on a three-year cycle, and loss of JCAHCO accreditation is a public relations nightmare with a substantial risk to the bottom line: Accreditation is a requisite for federal reimbursement under Medicare and Medicaid. Some care providers, including the University of Wisconsin Hospital and Clinics, banned samples only after they were issued citations by the Joint Commission for lacking suitable sample controls.

A new era?

Sample vouchers are not new. They've been available for nearly 10 years. But even now, their market share is small. Anecdotal estimates of the number of samples made available with vouchers range from <1% to 10%. No one knows exactly how many vouchers make their way into the system. Their numbers have yet to be tracked by any trade group, and drug companies refuse to comment publicly on how vouchers factor into their own marketing strategies.

David Morgan, the outpatient pharmacy director at Boston University Medical Center, which has banned samples, attributes the slow adoption of vouchers to ambivalence in the pharmaceutical industry. Samples are a proven marketing entity—often wrapped in glitzy promotional materials designed to cement relations with consumers. Vouchers, on the other hand, are filled as ordinary prescriptions contained in standard pill bottles that do little to entice the senses. Without a lot of external pressure, drug companies are unlikely to promote vouchers to a great extent, Morgan says. Ultimately, the drivers for expanded voucher market share are hospital administrators clamping down on samples in their own facilities.

Lesar's view is that vouchers are the optimal alternative. "I think the voucher system is an excellent approach," he says. "It resolves all the safety, control, and recall issues because it utilizes the normal drug distribution process." Industry proponents like MedManage Systems, the leading market supplier of vouchers, point to additional benefits: The vouchers require less space than samples, provide a hedge against theft, and eliminate the need for climate-controlled storage. Furthermore, adds Steven Singer, MedManage Systems' co-founder and executive vice president, pharmacists who fill vouchers can check sophisticated databases for drug interactions and counsel patients about adverse outcomes. For their part, pharmacists have another incentive to back vouchers: the fee paid by drug companies for every voucher processed.

The physician response appears to be split down the middle. In a study per-

formed in 2001, RxCentric, an online pharmaceutical marketing company, found that roughly half of the 100 doctors surveyed preferred vouchers over samples, citing

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decreased liability, ease of management, and more effective labeling. Other doctors are more skeptical. Unlike hospitals, individual doctors are not held to JCAHCO standards, and according to Morgan, many prefer the option of giving drugs to their patients when they can.

Drug coupons

Regardless of their take on the issue, many stakeholders acknowledge that vouchers merely open doors for costly new drugs that may be no better than older or generic alternatives. In that sense, vouchers do nothing to satisfy critics who claim that the whole free-sample system is contributing to rising health care costs. Critics see direct-to-consumer advertising for new drugs as a chief culprit in this respect. Although drug companies and some doctors claim that the ads promote health awareness, many doctors counter that inordinate amounts of time are now spent explaining why a highly marketed, expensive drug may or may not be appropriate for a patient's problem.

Meanwhile, an increasing number of patients are showing up armed with the industry's latest marketing tool: the sample coupon, which is found online and in newspapers everywhere. Sample

coupons, targeted at consumers, are distinct from vouchers, which drug reps supply directly to doctors. As a result, they involve patients in prescription decisions to an unprecedented—and often unwelcome—degree. “A lot of doctors resent coupons,” Lesar says. “Patients say, ‘I’m depressed, I need some Prozac,’ and then hand the doctor a coupon to sign so the pharmacy will give them a free sample.”

Sample coupons usually are concentrated among the industry’s hit products, including Prozac, Viagra, and Nexium. Drug companies use them to lure consumers to new formulations before generic competition threatens existing marketshare. For example, shortly after a generic version of Prozac was released, Prozac’s maker, Eli Lilly, lost thousands of customers. In response, the company produced Prozac Weekly, a new drug with a new patent and an aggressive mar-

keting campaign that includes direct-to-consumer coupons.

The drug machine

In addition to vouchers and coupons, another emerging route to the free sample is an ATM-style dispenser that spits out prescription drugs. Telepharmacy Solutions, Inc., collaborating with Earnest Anderson, pharmacy director at the Lahey Clinic in Burlington, MA, has developed one such machine, which is in use at approximately 60 clinics in the United States. Doctors identify themselves with a thumbprint recognition interface, and the sample distribution is recorded with software that provides a complete paper trail. According to Anderson, the machine satisfies multiple needs. “The drug companies rely on face time with doctors. This allows them to continue providing samples,” he explains. “Doctors know the sample transaction is recorded, which

keeps them compliant with Joint Commission standards, and the patients get the drugs without having to go to the pharmacy.”

Ultimately, the growth of any alternative sampling system remains to be seen. Most deeply rooted medical traditions—of which sampling is certainly one—are slowly dislodged by new developments. With respect to the sampling tradition, drug companies, doctors, and patients alike experience a degree of gratification from the flow of free drugs. But with hospitals around the country shutting their doors to sample-laden drug reps, the winds of change are in the air. The number of samples may not change, but it is likely that the way in which they are delivered to patients increasingly will.

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