



For Immediate Release

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Information Policy Institute Finds Restrictions on Provider-Identifiable Healthcare Data Are Anti-Competitive and Will Not Lower Drug Prices

Marketing Inefficiencies Could Waste 7 Million Patient Visits Annually

Chapel Hill, N.C., April 10, 2007 - The Information Policy Institute, an applied studies center of the Political and Economic Research Council (PERC), today released a study that examines the social and economic costs of prohibiting the use of provider-identifiable prescription data for commercial purposes. Dr. Michael Turner, president of PERC, was the principal author of the study, entitled "The Impact of Provider-Identifiable Data on Healthcare Quality and Cost."

"Our research found that access to provider-identifiable data for biopharmaceutical companies fosters competition in the industry across all drug classes," Dr. Turner said. "Rather than driving prices down, as proponents have argued, legislative restrictions on provider-identified data would actually have the reverse effect."

To date, New Hampshire is the only state which has imposed a law banning the commercial use of provider-identified prescribing data. However, several other New England states – including Vermont and Maine – are considering similar legislation.

The study found that a ban on provider-identifiable information for commercial purposes would:

- slow the speed of adoption of new therapies, and thereby limit their benefits to patients;
- reduce competition in the pharmaceutical sector, making it more difficult for small biotech firms to enter the market;
- increase the cost of marketing, which could result in higher drug costs.
- increase wasted physician time, as pharmaceutical representatives and doctors become increasingly mismatched;



The key finding of the study was that the commercial use of provider-identifiable data enables pharmaceutical companies to more quickly educate appropriate physicians on new drugs, which allows new therapies to be introduced at a relatively faster rate in the U.S. than in any other advanced country. This is particularly true in the context of orphan drugs and risk management programs, which utilize these data to execute FDA-guided programs intended to reduce harm from potentially high-risk drugs. Many of these drugs offer unique therapeutic benefits for small patient populations.

“These data also enable pharmaceutical companies to substantially avoid physicians who are uninterested in or who have no need for their products,” Dr. Turner said. “Without this information, we estimate the cost of “mis-matches” between physicians and sales reps could amount to \$1.4 billion annually and the lost time would be equivalent to 7 million patient visits each year.”

Finally, the study examines the growing academic uses of provider-identifiable data. Lee Vermeulen, R.Ph, director of the Center for Drug Policy at the University of Wisconsin Hospital, estimates there are over 1,000 papers in health services and biomedical research journals using these data to identify and analyze various patterns of medication use.

“There is no central public repository anywhere in the country that offers researchers such an accurate picture of medication use as is possible with the data from commercial Health Information Organizations (HIOs), like IMS Health and Verispan,” Vermeulen said.

The study was funded by an unrestricted educational grant from IMS Health. The full text of the study is available free for download at:
www.infopolicy.org/pdf/provider-data.pdf.

About PERC:

The Political and Economic Research Council (PERC) is a non-profit, non-partisan think tank devoted to research, public education and outreach on public policy matters. PERC’s goal is to educate and engage policy makers, consumers, the financial/economic community and the larger public, in the firm belief that a better-informed public makes better decisions. Areas of expertise include information policy, credit access and the global information economy. PERC is funded by both for-profit and not-for-profit organizations that support PERC’s general mission.

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