

Prescription Drug Advertising: Is It a Driving Force on Drug Pricing?

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Background

The average cost of research and development for new medicines is estimated to be between \$500 and \$850 million dollars. To recoup these investments and to satisfy shareholders, pharmaceutical companies must aggressively promote and market the products that are approved.

Advertising and promotion of prescription products has always been an important source of information for healthcare professionals. Rather than focusing on the physician alone as the recipient of promotional and product information, drug companies, in the 1980s, began to include the consumer as an integral part of their marketing efforts. This effort, which has become so recognizable and serves as an important source of information for the public, has caused policy makers to become skeptical about increased spending on advertising and its relationship to drug prices. However, no clear evidence exists to support a link between direct-to-consumer (DTC) advertising of prescription drugs and drug price increases. Advertising costs are often recovered through increased sales volume, not higher prices.¹ The real question we should be asking is, "Has advertising to the public increased the number of prescriptions written?" not "Has advertising increased the cost of prescription drugs?"

The next important point to consider is how DTC advertising affects total healthcare costs. Few question that consumer advertising helps drive demand for prescription drugs. There is no consensus, however, on the impact it will have on healthcare system costs. Much has been written on this topic, and numerous studies continue to show the positive impact of advertising prescription drugs to consumers.² Advertising and promotion can help bridge the gaps in information, as has been documented in other markets. Often, drug manufacturers are the only parties with adequate incentives to disseminate needed information on their product to consumers and healthcare providers. Among the benefits reported from DTC advertising are increased awareness of the potential value of drugs, more discussions with healthcare providers about drug therapy, greater patient awareness

of both the risks and benefits of prescription drugs, increased compliance with drug therapy, increased prominence of non-drug approaches to adverse medical conditions, and ultimately, enhanced industry incentives to develop new drugs and new uses for existing drugs.

The Unanswered Questions

Several nagging issues and questions exist related to the impact of DTC advertising and the roles of those involved in prescription drug advertising. First, does DTC advertising affect the cost-effectiveness of prescribing? What is the impact on drug utilization and expenditures?

Second, is there a relationship between drug advertising to consumers and other forms of pharmaceutical marketing? Why are some prescription drug products advertised while others are not? Third, does DTC advertising educate consumers about illnesses and their treatment?

Finally, does DTC advertising influence the nature of medical treatment? This paper can't begin to answer these questions. Only time, close examination of the issues in the current complex healthcare market, and measurement of patient outcomes from treatment with prescription drugs and other interventions will be able to marginally provide some insights.

Trends and Issues

The growth of DTC advertising appears to parallel the growth of managed care, and that is no accident. One of the benefits that managed care holds is that patients assume more responsibility for their own health. Since the 1960s, the consumer movement and the "right-to-know" attitude toward products in the marketplace have created a demand that patients play a role in their healthcare product selection. Patients began coming to their physicians equipped to ask questions regarding treatments, alternatives, and outcomes. As this trend has continued, some drug companies and their marketing departments believed that

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the climate was right to begin informing the public about products not previously available to treat certain diseases, about less costly versions of previously available products, and about ways to open dialogues with their physicians about healthcare in general.

As long as drug companies continue to see a direct correlation between DTC advertising and increased sales, the practice will continue to be a major part of their marketing plan. With the Food and Drug Administration (FDA), and specifically the Division of Drug Marketing, Advertising and Communication (DDMAC), overseeing and evaluating prescription drug advertising, both for professionals and consumers, there will be continued vigilance to ensure that the advertising is not deceptive, false or misleading, does not distort the doctor-patient relationship, and fairly balances the benefits and risks. As the healthcare system approaches some critical points from governmental oversight (i.e., Medicare expansion), which will significantly affect insurance practices and the aging population, it is even more important that consumers are as informed as possible when entering the healthcare system for treatment. Consumers can make capable decisions as long as they are given the information they need in language they can understand. DTC advertising is a way to provide this information and has the potential of becoming a patient compliance tool. If they are not informed, or do not understand the provided information, then the healthcare system becomes a more time consuming process for the patient, the physician, and the pharmacist. Information sharing and patient involvement are essential to improving the system.

According to a recent FDA report, when it comes to advertising prescription drugs, whether on radio, television or in print, many physicians agree that the ads help people more than they hurt. Preliminary results of an FDA survey,³ released in January, 2003 (the third in a series of evaluations), also indicate that most physicians view DTC advertising as one of many factors that affect their medical practices and their interactions with patients. With the increased number of ads and the variety of drug products to treat conditions not previously covered in DTC ads (e.g., depression, cancer, psoriasis, behavior disorders), patients are now learning that treatments are available and can call or go to a company web site for information.

The results of the most recent FDA 500-physician survey³ showed that awareness of DTC advertising is increasing. For example, 81 percent of respondents in 2002 reported seeing or hearing an ad for a prescription drug. This figure is up from 72 percent in 1999. However, 58 percent of those polled strongly agreed that DTC ads make the drugs seem better than they really are. The results of this survey and others conducted by the FDA will help the agency decide whether advertising rules need to be changed to ensure better public understanding of a drug's risks and benefits.

Other highlights of the survey include:

- Most physicians agreed that because their patient saw or heard a DTC ad, he or she asked more thoughtful questions during the visit.

- Many physicians thought that DTC ads made their patients more involved in their healthcare.
- About 75 percent of the physicians surveyed believed that DTC ads cause patients to think that the drug works better than it does.
- Many physicians felt some pressure to prescribe something when patients mentioned DTC ads.
- Only a small number of physicians (40/500) said they felt very pressured to prescribe the specific brand name drug when asked.
- In some cases, the discussions between patients and physicians prompted needed treatments being prescribed – often not the treatment mentioned in the ad.
- Physicians agreed that the DTC ads help educate patients about their health problems, and provide greater awareness of treatments. The study demonstrated that when a patient asked about a drug, 88 percent of the time they had the condition that the drug treated. And 80 percent of physicians believed patients understood what condition the drug treats.
- Physicians also believe that patients understand that they need to consult a healthcare professional about appropriate treatment. Responses of “very well” or “somewhat” were recorded by 82 percent, when asked if they believe that their patients understand that only a doctor can decide if a drug is right for them.

Is providing information on prescription drugs to consumers an important educational tool? Is the cost of this advertising part of the economics of the healthcare system? Physician surveys seem to indicate that providing this drug information is somehow “helping” the system of care. Certainly with pressure to try to curb the increased costs of prescription products, lawmakers are taking a closer look at the implications of pricey ads.

Summary

It has been shown that drug companies will sell more drugs when they use DTC advertising, but it is also true that many consumers who are suffering—unaware there is help for their symptoms—will learn from these ads that help is available. Advertising to consumers, like advertising to professionals, will continue to be one of the best methods of providing information. Of course, healthcare professionals also have the sales representatives, their colleagues, medical journals, and medical conventions as additional options for needed information. The consumer may or may not use other methods, such as the Internet, the library or friends or family, but the advertising is a starting point for a dialogue.

If the DTC ad provides consumers with “information,” which is different from “advertising,” the drug company will be providing a worthwhile service to consumers and potential patients. No doubt consumers will begin demanding higher quality information from DTC ads and will frown upon the ads that are blatantly trying just to sell a drug. It will also reap the benefits of improved consumer awareness and patient compliance. A DTC ad that is consumer-friendly, does not use fear appeal, is educational in tone, and downplays the “hard

sell” and hype will go a long way in offering important information to the casual observer. Oversight by the FDA will ensure the information meets the requirements they have set down for prescription drug advertising. That is, advertising will be truthful and fairly balanced and will meet what the government, consumers and, no doubt, the medical community wants.

Attempting to control drug costs, by controlling advertising, will not be an easy task. This has an implication across all product areas, not just drugs. DTC advertising has become a lightening rod for cost containment issues, but is it alone driving demand for prescription products? I don't think so.

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