

Book Review & Commentary Reprint # 47-04

A Call to Action: A Mea Non Culpa by Big Pharma

By John Mack

If you buy the book "A Call to Action" by Pfizer CEO Dr. Hank McKinnell with the notion that you will learn what this pharma executive believes the industry should do to reform itself, you are in for a big surprise. Although an Amazon.com review of the book written by Peter Rost (Pfizer's whistleblowing, head of Pfizer's endocrine care marketing unit and "[Pharma' Black Knight](#)") describes McKinnell as making "an impressive *mea culpa*," this book is actually a *mea non culpa*!

I had reason to expect to see suggestions for changes in the way pharma operates because at the very beginning of the book (page 13), McKinnell said that "if Pfizer wanted a seat at the table where important healthcare solutions were being hammered out, we had to earn it by acting differently, partnering differently, and communicating differently." Unfortunately, the rest of the book does not carry through on this theme and focuses instead on how consumers, society, employers, managed care, and government need to act differently.

Important Questions Answered

Before getting to the action items, McKinnell answers the most important questions put to the industry by critics and the public. These questions are:

- Why are Prescription Medicines So Expensive?
- Why Does the Industry Do So Much Advertising?
- Why Do Americans Pay More Than Canadians for Drugs?

McKinnell sticks to the standard pharma industry playbook when answering these questions except on one or two occasions where he seems to offer contrary opinions—more on that later.

Why are Prescription Medicines So Expensive?

It turns out, according to McKinnell, that drugs are not as expensive as you think (silly you!) and that branded drugs are cheaper than the alternative—i.e., curing the disease. It's the old "an ounce of prevention is worth a pound of cure" defense. In other words, according to McKinnell, the pharma industry doesn't promise cures, just prevention.

McKinnell also emphasizes that generic drugs are cheaper here in the U.S. than anywhere else. He even compares drug companies to farmers to make the point that the industry deserves to reap the rewards (i.e., profits) from what they sow.

In essence, McKinnell's argument is: drugs are not as expensive as you think, cheaper alternatives are soon available, and drug profits are good and well deserved.

Later on in the book McKinnell negates much of his argument by calling for the extension of drug patent life, which would delay even further the entrance into the market of cheaper generics.

One Refreshing Departure from the Party Line

I should acknowledge at least one refreshingly contrary view expressed by McKinnell: an admission that it is a "fallacy to suggest that our industry...prices a product to recapture the R&D budget spent in development." He suggests instead that it is "investors' confidence in the risk and rewards" that drives prices.

Defending DTC

McKinnell sides with PhRMA, however, when he takes on critics, including Senator Bill Frist, who claim that "increased direct-to-consumer advertising has helped fuel escalating drug costs." (see article in this issue). In its retort to Frist, PhRMA stated "Evidence does not link advertising and drug prices" (see "PhRMA Statement on the Value of Direct to Consumer Advertising"). McKinnell essentially says the same thing: "Studies show there's no correlation between prices or price increases and DTC advertising."

McKinnell cites a study done in 2001 by The National Institute for Health Care Management entitled "Prescription Drug Expenditures in 2000: The Upward Trend Continues." McKinnell claims that this study shows that the "average price of drugs that are advertised is lower than those that aren't." The report, however, concludes that the increase in prescription drug spending is due, in part, to "more aggressive marketing of prescription drugs to both doctors and consumers." Besides, just because the price for advertised drugs is lower than that for non-advertised drugs does not mean that there isn't a link between DTC and drug prices.

Why Does the Industry Do So Much Advertising?

McKinnell doesn't understand all the fuss about DTC advertising when pharma companies spend much more on physician "education" and providing free samples so that "some Medicare patients can get all the drugs they need" at no cost. And I thought the purpose of samples was to drive prescriptions!

McKinnell also wants us to believe that DTC advertising is really educational. Like every other drug executive, McKinnell prefers the oxymoronic term "DTC education" to "DTC advertising."

This attempt to recast DTC as education is not a new tactic. Johnson & Johnson Chief Executive William Weldon, for example, said in an address to PhRMA: "Our communication with patients should really be thought of as Direct to Consumer Education" (see "[DTC Straight Talk](#)").

The difference is that McKinnell uses the present tense (i.e., DTC is already educational) whereas Weldon uses the future progressive tense (i.e., admits there is some uncertainty that this will come to pass). McKinnell even cited Viagra ads as DTC education even though the ads on TV do not discuss erectile dysfunction (ED), what may cause ED, or who is at risk for developing the condition. (For more on this topic, see "[Is DTC Educational or Motivational?](#)" and "To Ban or Not to Ban DTC, That is the Question" in this issue).

Why Do Americans Pay More Than Canadians for Drugs?

To be honest, I didn't read this chapter; I was anxious to skip ahead to the action points. According to Peter Rost's review, "McKinnell ... admits that drugs from Canadian pharmacies are safe...[and] that 'perhaps pharmaceuticals represent too low a percentage of total healthcare spending' and he calls for 'price controls to be lifted' around the world, because "It is time for Canadians and others to pay their fair share."

A Call to Action Starts Here

Chapter 13 is the chocolate nugget of the book. In this chapter McKinnell lists 10 actions that he believes should be taken to reform the healthcare system in the U.S. Only one action item on the list—Reform Direct-to-Consumer Advertising—is an action item for the drug industry. All the others are the responsibility of individuals, society, employers, managed care, and governments, not the pharmaceutical industry.

Coincidentally, at least six actions would either benefit the pharmaceutical industry in general or highlight specific Pfizer initiatives. These are:

Transform Employee Health Plans – "ask the tough questions about how much it's costing or how much value it is delivering." Such reform could drastically cut Pfizer's yearly budget of over \$315 million for employee health insurance.

Adopt Specialized Medical Courts to Replace the Healthcare Liability System – i.e., rescind the individual's right to sue. McKinnell focuses only on how this would be beneficial to physicians but does not mention that it could also help the drug industry. Merck, for example, would welcome this reform right about now. "The best way to avoid liability is to do the right thing. In today's world you can't avoid lawsuits but you can avoid liability," McKinnell has said in other contexts. (Wall Street Journal, 12/20/2004).

Use Trade Agreements to End "Free-Riding" – this directly benefits pharma companies and only can be seen as a benefit to U.S. consumers if you buy the argument that drug prices are high here because they are lower everywhere else.

Maintain Incentives for Innovation – McKinnell wants the 20-year patent clock to begin "on the day pharmaceutical products are introduced to the market." That would essentially double the patent life of drugs. This, of course, would delay the introduction of lower cost generics and keep drug prices higher longer. "Contrary to media perception," McKinnell says elsewhere in the book, "we in the branded pharmaceutical business have no problem with generic competition." It's difficult to see a call for the extension of drug patent life as anything but dealing with generic competition.

Two other action items—Report on Corporate Citizenship and Initiate a Global Health Corps—seem to be included primarily to promote Pfizer initiatives such as Florida: A Healthy State and Pfizer's Global Health Fellows program. Enough said.

Reform Direct-to-Consumer Advertising

This is the one action item mentioned in the book that applies directly to the pharmaceutical industry and can be said to require a change in the way it does business. Here's what McKinnell recommends for DTC:

- Improve communications about risk
- Provide information about alternative therapies available, including therapies that do not require a medicine
- Promote prevention and wellness, compliance with treatment regimens, and disease awareness

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- Promote access to medicines and do a better job communicating about patient assistance programs
- Implement external oversight of DTC, including working with the FDA to get their views on advertisements before they are run

Mckinnell's action plan for DTC reform, however, does not go as far as some other emerging principles do. He does not suggest, for example, a 1-year moratorium on DTC for news drugs or to limit TV ads to the appropriate audience at the appropriate time of day (something that Congress may impose on ED ads). Both of these principles have been adopted by Bristol-Myers Squibb in its Direct-to-Consumer Communications Code. It should be noted, however, that McKinnell has said in another venue "No erectile dysfunction drug ads on television except for 10 pm to 6 am. I'm in favor of that." (Washingtonpost.com Viewpoint interview, 2004).

Needless to say, this book is not going to shake up the pharmaceutical industry nor does it offer much new defense against critics of the industry. And it often sounds like an advertorial for Pfizer's programs. A Pfizer spokesman referred a reporter to McKinnell's book as the "best source" for the company's perspective on advertising. I wouldn't recommend it, however, as the best source for an action plan to reform drug advertising in general.

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