



Senate

General Assembly

File No. 529

January Session, 2003

Substitute Senate Bill No. 1119

Senate, April 24, 2003

The Committee on Public Health reported through SEN. MURPHY of the 16th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE DISCLOSURE OF PHARMACEUTICAL MARKETING AND ADVERTISING COSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2003*) (a) For purposes of this
2 section:

3 (1) "Pharmaceutical manufacturing company" means any entity that
4 is engaged in the production, preparation, propagation, compounding,
5 conversion or processing of prescription drugs, either directly or
6 indirectly by extraction from substances of natural origin, or
7 independently by means of chemical synthesis, or by a combination of
8 extraction and chemical synthesis, or any entity engaged in the
9 packaging, repackaging, labeling, relabeling or distribution of
10 prescription drugs, but does not include a wholesale drug distributor
11 or pharmacist licensed under chapter 400j of the general statutes;

12 (2) "Promotion" includes, but is not limited to, detailing, media

13 events, gifts, trips, educational conferences or meals; and

14 (3) "Health care provider" means any person, corporation, limited
15 liability company, facility or institution operated, owned or licensed in
16 this state to provide health care or professional services, or an officer,
17 employee or agent thereof acting in the course and scope of his or her
18 employment.

19 (b) On or before March 31, 2005, and annually thereafter, any
20 pharmaceutical manufacturing company that sold any prescription
21 drugs in this state during the preceding calendar year shall file a report
22 with the Department of Public Health. Such report shall disclose the
23 amount of expenses for advertising for each prescription drug on the
24 list compiled in accordance with subsection (c) of this section in each
25 media outlet on such list for the preceding calendar year. Such report
26 shall include expenses for promotions for each prescription drug to
27 health care providers whose offices are based in this state for the
28 preceding calendar year, including, but not limited to, the salaries for
29 employees engaged primarily in the marketing of pharmaceutical
30 products to health care providers. Such report shall be made on a form
31 prescribed by the Commissioner of Public Health and shall list
32 expenses by each pharmaceutical product sold by a pharmaceutical
33 manufacturing company and by such other categories as the
34 commissioner may deem appropriate. No later than April 30, 2005, and
35 annually thereafter, the department shall compile the information
36 contained therein and submit, in accordance with section 11-4a of the
37 general statutes, a report containing the information to the joint
38 standing committees of the General Assembly having cognizance of
39 matters relating to public health and human services.

40 (c) For purposes of the report required by subsection (b) of this
41 section, on or before October 1, 2004, and annually thereafter, the
42 Department of Public Health, in consultation with the Departments of
43 Social Services and Consumer Protection, shall compile a list of (1) not
44 more than forty prescription drugs that are commonly used or costly,
45 and (2) newspapers, magazines and other periodicals, and radio and

46 television stations serving varying populations in the state. Such list
47 shall be made available to pharmaceutical manufacturing companies
48 for the purposes of preparing the report required pursuant to
49 subsection (b) of this section.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

PH *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Public Health, Dept.	GF - Cost	\$31,625	\$29,965
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	\$5,075	\$10,845

Note: GF=General Fund

Municipal Impact: None

Explanation

Passage of this bill will result in an FY 04 cost to the state of approximately \$36,700. Included in this sum are \$31,625 to support the salary of one half-time Health Program Associate under the Department of Public Health as well as associated equipment and other expenses. Also included are \$5,075 in fringe benefit costs, which are budgeted centrally in miscellaneous accounts administered by the Comptroller¹. In FY 05 the annualized cost for the position would be \$40,810 (\$29,965 DPH; \$10,845 fringe benefits).

This position would be needed to compile and distribute the required list of drugs and media outlets by October 1, 2003, and update the list annually; develop and distribute reporting forms; monitor reporting and analyze data submitted by pharmaceutical manufacturing companies; and compile a report to be submitted to the Public Health and Human Services Committees annually, commencing April 30, 2005.

¹ The total fringe benefit reimbursement rate as a percentage of payroll is 40.21 percent, effective July 1, 2002. However, first year fringe benefit costs for new positions do not include pension costs, lowering the rate to 18.81 percent in FY 04.

The Departments of Social Services and Consumer Protection will be able to provide consultation within their anticipated budgetary resources.

OLR Bill Analysis

sSB 1119

***AN ACT CONCERNING THE DISCLOSURE OF PHARMACEUTICAL
MARKETING AND ADVERTISING COSTS*****SUMMARY:**

This bill establishes reporting requirements concerning prescription drug marketing and promotion in the state. Beginning March 31, 2005, the bill requires pharmaceutical manufacturing companies that sell prescription drugs in the state to report annually to the Department of Public Health (DPH) on their advertising costs. Each company must disclose its advertising expenses for the preceding year based on a DPH developed list of certain drugs and media outlets.

This list, compiled by DPH in consultation with the social services and consumer protection departments, must include (1) up to 40 prescription drugs that are commonly used or costly and (2) newspapers, magazines, and other periodicals, and radio and television stations serving the state. The list must be compiled annually, beginning October 1, 2004, and made available to the companies.

The required report must include expenses, in the preceding calendar year, for promoting each listed prescription drug to health care providers with offices based in this state. This includes salaries for employees who primarily market pharmaceuticals to health care providers. The report must be on a DPH-prescribed form and list expenses by each product sold and by other categories DPH determines. By April 30, 2005, and annually afterwards, DPH must compile the information and submit a report to the Public Health and Human Services committees.

EFFECTIVE DATE: October 1, 2003

DEFINITIONS***Pharmaceutical Manufacturing Company***

The bill defines “pharmaceutical manufacturing company” as an entity producing, preparing, propagating, compounding, converting, or processing prescription drugs, either directly or indirectly by extraction from substances of natural origin, or independently by chemical synthesis, or a combination of extraction and chemical synthesis. It also includes an entity that packages, repackages, labels, relabels, or distributes prescription drugs, but does not include a wholesale drug distributor or licensed pharmacist.

Promotion

The bill defines “promotion” as detailing (a meeting between a pharmaceutical marketer and health care provider to discuss a product being marketed), media events, gifts, trips, educational conferences, and meals.

Health Care Provider

A “health care provider” is any person, corporation, limited liability company, facility, or institution operated, owned, or licensed in the state to provide health care or professional services. It includes any officer, employee, or agent acting in the course and scope of his employment.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute
Yea 14 Nay 8