RESEARCH LETTERS

HEALTH CARE REFORM

Failure by Deans of Academic Medical Centers to Disclose Outside Income

Transparency of faculty-compensated outside activities is vital for maintaining the public’s trust. Many medical schools have recently required public disclosure of their faculties’ compensated outside activities. We evaluated the accuracy of the disclosure of US medical school deans who served as directors of for-profit companies in 2009 because we could independently verify the compensated outside activities through publicly available databases.

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Methods. We compiled a list of all US allopathic and osteopathic medical schools and performed a Google search for the names of each dean as of June 2009. We entered each name into 2 databases: the Morningstar directory of US corporate directors and executives (Morningstar, Chicago, Illinois) and EDGAR, the Securities and Exchange Commission (SEC) database of all submissions by companies and others who are required by law to file forms with the SEC. If we found a name in either database, we identified both the public company for which the dean served as a director, as well as the annual compensation from that company for 2009 that was disclosed on its “DEF 14A” and “4” forms. (The SEC DEF 14A form, or proxy statement, includes cash awards, stock and stock options as parts of all directors’ compensation. The SEC 4 form is a “Statement of changes in beneficial ownership of securities.”) Next, we explored each dean’s respective university/medical school Web site to see if it contained the information in Morningstar and EDGAR. We then contacted every medical school whose dean held an outside directorship to learn if it had a searchable page on its Web site that the public could access to identify its faculty’s compensated outside activity. We compared the data on each school’s Web site with the data filed with the SEC.

Results. Of 161 deans, 9 were directors of 13 public companies, with 2 deans being directors of 2 companies and 1 dean being a director of 4 companies. We eliminated 1 of 161 dean being a director of 4 companies. We eliminated 1 company, Bradford Pharmaceuticals, is Canadian (Toronto, Ontario, Canada), and we were unable to discover what compensation, if any, it gave to its outside directors. The compensation for the other directorships was not de minimis—the range was $11,250 to $386,439, with the median compensation of $217,454. The range of compensation for each dean was $11,250 to $640,038, with a median compensation of $217,454. Four deans’ Web pages neither disclosed that they were serving as outside directors nor their compensation for such service. The University Web page of the dean who was the director of 4 for-profit companies listed a financial services company, but both health care companies were missing. The medical school Web page listed no directorships.

One dean’s official Web page disclosed the 2 directorships, but it did not disclose the compensation. Two medical schools’ Web sites disclosed 3 directorships, with one dean holding 1 and the other 2 directorships; however, the Web sites underreported the deans’ compensation by 39%, 56%, and 80% compared with the compensation calculated from the companies’ EDGAR forms (Figure).

Comment. A recent report by an American Association of Medical Colleges (AAMC) task force expressed the rationale for transparency in faculty outside compensated activities:

Ultimately, the public needs the tools with which to understand the forces that may have an impact, positive and negative, on the care they seek. By embracing this public transparency, physicians and their institutions can minimize distrust and concern regarding relationships with industry. . . .

We believe that transparency requires timely, accurate and precise disclosure, and that disclosure should be accessible to the public. Public Web sites have been suggested as a mechanism for increasing transparency. They are not a panacea. To improve transparency, we make the following recommendations:

1. Each medical school should have a publicly accessible Web site that discloses faculty compensation
2. Each faculty member should personally verify the data by comparison with the 1099-MISC received annually from the for-profit company as required by law for preparation of income tax returns.
3. To facilitate cross-checking with other databases, financial disclosure data should be based on the calendar year rather than the medical school’s fiscal or academic years.
4. Financial disclosure should include the exact compensation reported on each faculty member’s 1099-MISC forms, rather than ranges of compensation.

5. The Web site should be updated annually.

In conclusion, although efforts have been made to increase the transparency of outside compensation, there is a need for substantial improvement in ease of access, timeliness, accuracy, and precision.

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INVITED COMMENTARY

Illuminating Physicians’ Financial Relationships With Industry

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unlight is said to be the best of disinfectants, declared Justice Louis Brandeis in 1913.¹ The 2010 Affordable Care and Patient Protection Act contains sweeping sunshine provisions including the development of a searchable public Web site that will list payments from drug, device, biological, and medical products companies to physicians by name.² Public disclosure of payments from companies will allow verification of disclosures that individuals are required to make to journals, professional societies, continuing medical education (CME) audiences, and academic medical centers (AMCs). Using publicly available information, recent and present articles in the Archives show that undisclosed financial relationships between medical companies and members of cardiology practice guideline panels are widespread and that authors of journal articles and medical school deans may, in some cases, underreport or not report substantial relationships that involve more than $100,000 in annual payments (Chimonas et al,³ Freshwater and Freshwater, and Mendelson et al⁴). These articles illustrate the value of information that will be available to the public under federal sunshine provisions, as well as challenges to its accurate interpretation.

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