

The Junket Bubble

The April 7 issue of the Wall Street Journal had a fascinating front page article entitled 'Junket with a Twist: Wall Street Clients Get Bills for the Fun'. The focus of the article was recent changes in industry guidelines regarding junkets. It described the case of a client of a large investment bank who was invited to a PGA golf tour by the bank. To his surprise, he had to pay for his own airfare, hotel, pony up \$5000, to play with Phil Mickelson, and had the option of a 'gift bag' with golf balls and a jacket, for a mere \$850. The National Association of Securities Dealers, a self regulated organization, has cracked down on the freebies. The rationale is that 'lavish entertainment might induce a client to use shareholder money to hire a firm that isn't best for a job'. Apparently many financial advisors are teed off by the regulations.

At your next meeting with your financial advisor, imagine he is suggesting you invest in a specific mutual fund. How would you feel knowing that he'd been the recipient of one of these junkets provided by the recommended fund?

Substitute pharmaceutical firms for banks and mutual funds, and doctors for financial advisors, and the parallels are obvious. Our specialty became accustomed to an extraordinary level of perks provided by the pharmaceutical industry. Heavily subsidized trips to exotic destinations several times per year had become routine. Dinners in the most exclusive restaurants in town became a matter of entitlement. It is not surprising that griping about the new RX and D guidelines, and the attendant loss of the perks and junkets, is widespread amongst urologists.

In fact, we should count ourselves lucky. As the Wall Street Journal article indicates, society is demanding more transparency and accountability. The junket bubble has burst, not with a bang, but with a puff. The situation had not (yet) reached a point where our credibility as a profession was compromised. Secondly, the RX & D guidelines permit quite a substantial amount of ongoing largesse. Advisory boards are still permitted. Pharmas may subsidize up to five urologists each to attend international meetings, and may take small groups for dinner. Conferences can still be funded by an unrestricted educational grant to a 3rd party, i.e. a university or research group. While these may seem restrictive compared to the pre-RX&D guidelines era, they are far more liberal than current American policies. For example, US pharmas are not allowed to sponsor any physicians to attend conferences, and advisory boards and dinner meetings are severely restricted.

EDITORIAL

Some of our colleagues have asked the pharmaceuticals, 'Why did RX&D (i.e. your organization) impose this on yourselves?' The answer is obvious; if they hadn't, government would have. We are better off subject to industry self-regulation than overly bureaucratic government regulation.

The junket era was a race to the bottom. Companies were caught in a vicious cycle, where they felt obliged to spend more and more on expensive trips for doctors to keep up with the competition. While as individuals we benefited, it is obvious that from a public policy and ethics perspective, this was problematic. Drug costs are recognized as a major social issue. Junket stories were becoming increasingly common in the national media. Whether these trips were connected to drug costs is irrelevant; perception, in this case, is reality. A society concerned about high drug costs will not countenance expensive trips for doctors as a routine component of the pharmaceutical industry practice. There is no free lunch; the cost would be paid in loss of credibility, moral stature, and trust.

The pendulum has swung too far in some respects. Accompanying spouses at a conference may not attend a function that pharma representatives are involved in, even if they pay their way, for example. This seems, on the face of it, ridiculous and impractical. One hopes that the excesses will be modified over time.

Nonetheless, we are better off for the bubble being burst. Our credibility and standing in society was in danger of being compromised. Our partners in the enterprise, the pharmaceutical companies, are very concerned about public perception of their industry, and saw a need for change. Yes, we may have to pay our way to CME events, and Aeroplan Elite status may become more elusive. This is a small price to pay for maintaining our ethical profile, and is consistent with trends in other sectors of the economy all over the world.

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