Outline of Remarks on

Direct-to-consumer Advertising of Prescription Drugs

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My oral presentation will focus on the points summarized below. They are drawn from John E. Calfee (2002) "Public Policy Issues in Direct-to-consumer Advertising of Prescription Drugs," forthcoming, *Journal of Public Policy and Marketing*, v. 19, n. 2 (Fall). A pre-publication version is available at aei.brookings.org/admin/pdffiles/phpaQ.pdf.

1. Consumers and patients often must take the initiative to obtain treatment, including drug therapy.

2. Consumers lack much useful information about valuable drug therapies -- and so do physicians. Depression, hypercholesterolemia, diabetes, osteoporosis, and other conditions are underdiagnosed and undertreated.

3. Advertising and promotion can help bridge the gaps in information, as has been documented in other markets. Often, manufacturers are the only parties with adequate incentives to disseminate needed information to consumers and physicians.

4. A substantial body of evidence, mainly in the form of consumer surveys, permits a preliminary assessment of the effects of direct-to-consumer advertising of prescription drugs. The evidence includes two FDA surveys, three *Prevention Magazine* surveys, and other representative national surveys. The results are highly consistent.

5. This and other evidence suggests that the benefits of DTC advertising are substantial, with little if any off-setting harms. In particular, there is little evidence of harm from inappropriate prescribing, deceptive advertising, or distortions in doctor-patient relationships.

6. Among the benefits from DTC advertising are increased awareness of the potential value of drugs, more discussions with physicians about drug therapy, greater patient awareness of both the risks and benefits of prescription drugs, increased compliance with drug therapy, increased salience of non-drug approaches to adverse medical conditions, and ultimately, enhanced industry incentives to develop new drugs and new uses for existing drugs.