

The Verde Valley Medical Center, a 99-bed, full-service hospital, has recently completed a \$35 million expansion project. The project, which took nearly 3 years to complete, increases the size of the facility and updates a portion of the existing space.

The expansion and renovation will add new medical services and help the center serve patients more efficiently. For instance, the medical imaging department will be moved to a centralized location, and more beds will be added to the telemetry unit, which serves patients who need to be monitored, but do not require intensive care. The updated facility also includes improvements and additions to serve women and children. The perinatal unit will move to a new location with a C-section operating room and a recovery room. The increase in the facility's size will also allow the creation of a pediatrics unit.

This recent project is only the latest expansion in the history of the Verde Valley Medical Center. For the past 70 years, the center has adapted to meet the needs of the growing community.

The origins of the Verde Valley Medical Center can be traced to 1939, when a small, outpatient facility brought xray equipment and an operating room to Cottonwood. At that time, the Marcus J. Lawrence Memorial Clinic, as the center was then known, served a small, rural population. In 1940, Yavapai County, which contains Cottonwood, was home to just over 26,000 Arizonans. Today, the county has a population of over 167,000.

The Verde Valley Medical Center has grown just like the region. Just 6 years after opening, the Marcus J. Lawrence Memorial Clinic added more beds and became a hospital. Two decades later, the hospital moved to its current location and opened a new 50-bed facility.

Then, in 1995, the medical center began extending its services into neighboring communities with the opening of a facility in Sedona. Later, new facilities would open in Camp Verde and Oak Creek. In 1998, the hospital became known as it is today, as the Verde Valley Medical Center, and 8 years later, the expansion project that has just been completed would begin.

With the opening of the expansion, Verde Valley Medical Center is ready to build on its record of serving the north-central Arizona community. During the 2008 fiscal year, the center served about 77,000 patients. This recent expansion will help to ensure that the medical center continues to meet the health care needs of Arizonans, just as it has for the past 70 years.

NEW MARKETS TAX CREDIT

Mr. KERRY. Mr. President, today I would like to speak about the new markets tax credit, NMTC—a vital development financing tool for low-income communities that is set to expire at end of this year unless Congress takes action.

The NMTC was signed into law 8 years ago in order to attract private investment to economically distressed communities by offering a modest Federal tax credit as an incentive for investors. Since its inception, this program has proven remarkably effective.

According to the Treasury Department, as of the first of July, the NMTC has been responsible for \$11 billion of new investment in economically distressed communities across the country, including \$600 million for community development entities based in Massachusetts. A January 2007 General Accountability Office report indicates that 88 percent of NMTC investors would not have made a particular investment in a low income community without the credit, and 69 percent had never made such an investment prior to working with the NMTC.

The NMTC program has successfully generated private investment in low-income communities. Community development entities, CDEs, that administer the program funds are frequently involved with communities with poverty rates higher than 30 percent and unemployment rates significantly greater than the national average. This program, by merging public and private investments, is infusing these communities with the resources to begin new businesses, create new jobs, build new homes, and jumpstart their economies.

In Massachusetts, six community development entities have been awarded credit allocations. One such entity in Massachusetts, the Rockland Trust Company, is a commercial bank that has been serving Cape Cod, southeastern Massachusetts, and Rhode Island for over 100 years. In an effort to serve areas with high employment and low income, Rockland Trust applied for an NMTC allocation to expand its capacity to offer financing products that could effectively serve these communities. Since 2004, the Rockland Trust has received \$75 million in credits, which have been used to finance 70 different non-real estate and real estate business loans ranging in size from \$50,000 to \$8 million. The NMTC loans made by Rockland Trust have been instrumental in financing the acquisition and redevelopment of over 2.1 million square feet of real estate and thus far have contributed to the creation of over 1,200 jobs.

The Massachusetts Housing Investments Corporation, MHIC, based in Boston, is another entity putting the tax credit to work in Massachusetts. MHIC has used the credit to finance a range of commercial and industrial real estate projects, large and small, that would not have been possible without the financing brought in by the credit. One such project, the Holyoke Health Center, HHC, is a federally qualified health center located in a community of 40,000 with a poverty rate of 27 percent and the highest per capita mortality rate and rate of teen births in the United States. After

many unsuccessful attempts to obtain financing for its expansion, the Holyoke Health Center approached MHIC and within months the project was approved, achieved closing, and began construction. MHIC helped finance the largest investment ever made in Holyoke, and created a financing structure that has become a national model for other community health care expansion projects nationwide. The new state-of-the-art Holyoke facility houses primary care and laboratory services, an on-site pharmacy, a dental clinic, counseling services, a day care facility accommodating 100 preschool children. The project created 210 construction related jobs as well as 239 permanent jobs principally for Holyoke residents.

I am a strong supporter of NMTC because I have seen it work in Massachusetts and I believe in its potential to revitalize communities and businesses that are too often left out of the mainstream market. I encourage my colleagues to join me in strong support of the extension of the NMTC.

PAYMENTS TO PHYSICIANS

Mr. GRASSLEY. Mr. President, several years ago I started looking at the financial relationships between physicians and drug companies. I first began these inquiries by examining payments from pharmaceutical companies to physicians serving on Food and Drug Administration advisory boards. More recently, I began looking at professors at medical schools and their financial relationships with pharmaceutical companies. In turn, I scrutinized the grants that these physicians may have received from the National Institutes of Health.

I first examined a psychiatrist at the University of Cincinnati. Then I looked at three research psychiatrists who took millions of dollars from the drug companies and failed to fully report their financial relationships to Harvard and Mass General Hospital.

I then discovered a doctor at Stanford who founded a company that is seeking the Food and Drug Administration's approval to market a drug for psychotic depression. The National Institutes of Health is funding some of the research on this drug, which is being led by this same Stanford scientist. If his own research finds that the drug is successful, this researcher stands to gain millions. The NIH later removed this researcher from the grant.

I would now like to address two doctors with the University of Texas System.

Dr. Augustus John Rush is a psychiatrist at the University of Texas Southwestern Medical Center. During 2003–2005, Dr. Rush received an NIH grant to conduct a clinical training program. This program helped trainees understand how to conduct proper clinical trials and also dealt with medical ethics.

However, just 2 years before getting this Federal grant, Dr. Rush failed to report all of the money that Eli Lilly paid him. Dr. Rush disclosed \$3,000 in payments from the company, but Eli Lilly tells me that they paid Dr. Rush \$17,802 in 2001.

I would also like to discuss Dr. Karen Wagner, a professor at the University of Texas Medical Branch at Galveston.

Dr. Wagner was one of the authors on a Paxil study known as Study 329. This study was published in 2001.

Study 329 was cited in a New York case where GlaxoSmithKline was charged with "repeated and persistent fraud." Part of the case against Glaxo was that the drug company promoted positive findings but didn't publicize unfavorable data.

In March 2006, Dr. Wagner was being deposited in a case on Paxil. During that deposition, Dr. Wagner was asked how much money she had taken from drug companies over the previous 5 years.

Her response? She said: "I don't know." In fact, she testified that she couldn't even estimate how much money she received from the drug companies.

According to Glaxo, they paid Dr. Wagner over \$53,220 in 2000. In 2001, when study 329 was published the company reported paying her \$18,255.

During many of these years, Dr. Wagner has led NIH-funded studies on depression. These studies involved Paxil and Prozac; an antidepressant made by Eli Lilly. Eli Lilly reported to me that they paid Dr. Wagner over \$11,000 in 2002. However, Dr. Wagner did not disclose this payment to the University of Texas.

Apparently, the University of Texas Medical Branch didn't require their physicians to disclose their financial relationships with the drug industry, until around 2002. But federal guidelines from 1995 are clear that researchers need to disclose this money when they take a grant from the NIH.

What makes this even more interesting is that from September 2003 through August 2004, Dr. Wagner was a voting member of the Conflict of Interest Committee at her university. That is right, she was one of the university's experts on conflicts of interest during the same time that she was not reporting her outside income.

Before closing, I would like to say that the University of Texas System has been very cooperative in this investigation. And I appreciate the continued cooperation of companies like GlaxoSmithKline and Eli Lilly.

I ask unanimous consent to have my letter to the University of Texas printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FINANCE,

Washington, DC, September 9, 2008.

MARK G. YUDOF,
Chancellor, *The University of Texas System,*
Austin, TX, 78701.

DEAR MR. YUDOF: The United States Senate Committee on Finance (Committee) has

jurisdiction over the Medicare and Medicaid programs and, accordingly, a responsibility to the more than 80 million Americans who receive health care coverage under these programs. As Ranking Member of the Committee, I have a duty to protect the health of Medicare and Medicaid beneficiaries and safeguard taxpayer dollars appropriated for these programs. The actions taken by recognized experts, like those at the University of Texas (University/Texas System) system's medical schools who are discussed throughout this letter, often have a profound impact upon the decisions made by taxpayer funded programs like Medicare and Medicaid and the way that patients are treated and funds expended.

Moreover, and as has been detailed in several studies and news reports, funding by pharmaceutical companies can influence scientific studies, continuing medical education, and the prescribing patterns of doctors. Because I am concerned that there has been little transparency on this matter, I have sent letters to almost two dozen research universities across the United States. In these letters, I asked questions about the conflict of interest disclosure forms signed by some of their faculty. Universities require doctors to report their related outside income, but I am concerned that these requirements are sometimes disregarded.

I have also been taking a keen interest in the almost \$24 billion annually appropriated to the National Institutes of Health (NIH) to fund grants at various institutions such as yours. As you know, institutions are required to manage a grantee's conflicts of interest. But I am learning that this task is made difficult because physicians do not consistently report all the payments received from drug and device companies.

To bring some greater transparency to this issue, Senator Kohl and I introduced the Physician Payments Sunshine Act (Act). This Act will require drug and device companies to report publicly any payments that they make to doctors, within certain parameters.

I am writing to assess the implementation of financial disclosure policies of the University of Texas system. In response to my letters of October 26, 2007, your University provided me with the financial disclosure reports that Dr. Augustus John Rush, Jr., at the University of Texas Southwestern Medical Center at Dallas (UTSW) and Dr. Karen Wagner at the University of Texas Medical Branch at Galveston (UTMB) filed during the period of January 2000 through June 2007. (the Physicians)

My staff investigators carefully reviewed each of the Physicians' disclosure forms and detailed the payments disclosed. I then asked that the University confirm the accuracy of the information. In February 2008 your counsel provided clarification and additional information from the Physicians pursuant to my inquiry.

In addition, I contacted executives at several major pharmaceutical companies and device manufacturers (the Companies) and asked them to list the payments that they made to Drs. Wagner and Rush during the years 2000 through 2007. These Companies voluntarily and cooperatively reported additional payments that the Physicians do not appear to have disclosed to the University.

Because these disclosures do not match, I am attaching a chart intended to provide a few examples of the data reported to me. This chart contains columns showing the payments disclosed in the forms the Physicians filed with the University and amounts reported by some of the Companies.

I understand that UTMB did not require that dollar amounts be reported in financial disclosures until 2002, despite federal re-

quirements which required such reporting for NIH grantees in 1995. I also understand that UTSW's disclosures do not disclose if payments were made during a calendar year or an academic year.

I would appreciate further information to see if the problems I have found with these two Physicians are systemic within the University System.

INSTITUTIONAL AND NIH POLICIES

The Texas System requires that all compensation (income or monetary value given in return for services) be reported. Its policies consider compensation in the aggregate that meet or exceeded \$10,000 for the current calendar year, or are expected to meet or exceed that amount in the next 12 months, to be a significant financial interest.

Further, federal regulations place several requirements on a university/hospital when its researchers apply for NIH grants. These regulations are intended to ensure a level of objectivity in publicly funded research, and state in pertinent part that NIH investigators must disclose to their institution any "significant financial interest" that may appear to affect the results of a study. NIH interprets "significant financial interest" to mean at least \$10,000 in value or 5 percent ownership in a single entity.

Based upon information available to me, it appears that each of the Physicians identified above received NIH grants to conduct studies. During the years 2003-2005, Dr. Rush received an NIH grant to conduct a clinical intervention training program that was to provide trainees with, among other things, "... knowledge and experience in the proper conduct of clinical intervention research, ethics, human subjects issues..." However, my inquiry discovered that Dr. Rush did not disclose all of the drug and device industry payments to the University. For example, in 2001, Dr. Rush disclosed \$3,000 in outside income for his work as an Advisory Board member for the Eli Lilly Company (Lilly). In contrast, Lilly reported to me that it paid Dr. Rush \$17,802 for advisory services that year.

For calendar years 2000 through 2008, Dr. Wagner led NIH-funded studies on depression. These studies involved drugs produced by Lilly (Prozac) and GlaxoSmithKline (GSK) (Paxil). Lilly reported to me that it paid Dr. Wagner over \$11,000 in 2002. However, and based upon the information in my possession, Dr. Wagner did not disclose this payment to the University in 2002 the first year that UTMB required financial disclosures from its faculty.

It seems that Dr. Wagner also did not report payments she received from GSK. GSK reported paying Dr. Wagner \$53,220 in 2000—the first year of the NIH grant. Further, GSK reported paying her \$18,255 in 2001, and \$34,961 in 2002 and \$31,799 in 2003. Between the years of 2000 through 2005, GSK reported paying Dr. Wagner \$160,404. The only report Dr. Wagner made of these payments was in 2005 when she reported \$600 from GSK.

In light of the information set forth above, I ask your continued cooperation in examining conflicts of interest. In my opinion, institutions across the United States must be able to rely on the representations of its faculty to ensure the integrity of medicine, academia, and the grant-making process. At the same time, should the Physician Payments Sunshine Act become law, institutions like yours will be able to access a database that will set forth the payments made to all doctors, including your faculty members.

Accordingly, I request that your respective institutions respond to the following questions and requests for information. For each response, please repeat the enumerated request and follow with the appropriate answer.

(1) For each of the NIH grants received by the Physicians, please confirm that the Physicians reported to the University of Texas System's designated official "the existence of [a] conflicting interest." Please provide separate responses for each grant received for the period from January 1, 2000 to the present, and provide any supporting documentation for each grant identified.

(2) For each grant identified above, please explain how the University ensured "that the interest has been managed, reduced, or eliminated." Please provide an individual response for each grant that each of the Physicians received from January 2000 to the present, and provide any documentation to support each claim.

(3) Please report on the status of the University's review of the discrepancies in the financial disclosures made by Drs. Rush and Wagner to the University, including what action, if any, will be considered.

(4) For Drs. Rush and Wagner, please report whether a determination can be made as to whether or not there is/was a violation of the guidelines governing clinical trials and the need to report conflicts of interest to an institutional review board (IRB). Please respond by naming each clinical trial for which the doctor was the principal investigator, along with confirmation that conflicts of interest were reported, if possible.

(5) Please provide a total dollar figure for all NIH monies received annually by the Texas System. This request covers the period of 2000 through 2007.

(6) Please provide a list of all NIH grants received by the University of Texas System. This request covers the period of 2000 through 2007. For each grant please provide the following:

- a. Primary Investigator;
- b. Grant Title;
- c. Grant number;

- d. Brief description; and
- e. Amount of Award.

Thank you again for your continued cooperation and assistance in this matter. As you know, in cooperating with the Committee's review, no documents, records, data or information related to these matters shall be destroyed, modified, removed or otherwise made inaccessible to the Committee.

I look forward to hearing from you by no later than September 23, 2008. All documents responsive to this request should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov. If you have any questions, please do not hesitate to contact Paul Thacker (202) 224-4515.

Sincerely,
 CHARLES E. GRASSLEY,
Ranking Member.

Attachment.

SELECTED DISCLOSURES BY DR. RUSH AND RELATED INFORMATION REPORTED BY PHARMACEUTICAL COMPANIES AND DEVICE MANUFACTURERS

Year	Company	Disclosure filed with institution	Amount company reported
2000	Bristol-Myers Squibb	\$4,000	\$2,576
	Eli Lilly	Not reported	7,718
	Merck	23,800	n/a
2001	Pfizer	No amount provided	1,000
	Bristol-Myers Squibb	Not reported	2,921
	Eli Lilly	3,000	17,802
2002	Merck ¹	30,000	n/a
	Merck ²	30,600	n/a
	Bristol-Myers Squibb	No amount provided	5,000
2003	Eli Lilly	3,000	4,500
	Merck	70,000	n/a
	Pfizer	No amount provided	7,500
2004	Bristol-Myers Squibb	No amount provided	250
	Cyberonics	25,000	≤75,000
	Eli Lilly	3,000	0
2005	Merck	40,000	n/a
	Bristol-Myers Squibb	250	750
	Cyberonics	56,250	≤75,000
2006	Eli Lilly	2,000	2,000
	Forst Pharmaceuticals	5,000	n/a
	Telesessions (Forest Labs)	18,000	n/a
2007	Cyberonics	³ ≤25,200	62,000 ⁵
	Eli Lilly	2,000	0
	Merck ⁴	≤14,000	n/a
2008	Telesessions (Forest Labs)	⁶ ≤15,000	n/a
	Cyberonics	≥10,000	5 100,000
	Telesessions (Forest Labs)	⁷ ≤25,000	n/a
2009	Pfizer	2,000	2,000

¹ Dr. Rush reported on 7/11/01 statement of financial interests for serving as advisory board member.
² Dr. Rush reported in a request for prior approval of outside employment for services as consultant to U.S. Strategic Advisory Board for Substance P Antagonists.
³ Dr. Rush reported in a request for prior approval of outside employment for \$600 per hour (October 1, 2005 to October 1, 2007) for a maximum of 42 hours each calendar quarter. Payment for services as Chair of Depression Scientific Advisory Board and Consultant on issues related to clinical studies involving the use of vagus nerve stimulation therapy.
⁴ Dr. Rush reported in a request for prior approval of outside employment for \$3,500 per day (January 1, 2005 to December 31, 2006) for 4 days per year plus teleconferences. Payment for services as Insomnia Advisory Board Member.
⁵ Payments reported by Cyberonics for consultation services performed during the year shown, although some of the checks were issued in a different year.
⁶ Dr. Rush reported in a request for prior approval of outside employment for \$1,000 per call (15 hours per year). Payment for services as faculty speaker on a series of conference calls as an educational service to physicians.
⁷ Dr. Rush reported in a request for prior approval of outside employment for \$1,000 per call (25 calls about 50 minutes each). Payment for services as faculty speaker on a series of conference calls as an educational service to physicians.

Note 1: When a Physician named a company in a disclosure but did not provide an amount, the text reads "no amount reported." When a Physician did not list the company in the disclosure, the column reads "not reported." The Committee contacted several companies for payment information and the notation n/a (not available) reflects that a company was not contacted.
 Note 2: The Committee estimated that the payments Dr. Rush disclosed totaled about \$600,000 during the period January 2000 through June 2007. Information reported by the pharmaceutical companies indicate that they made additional payments that are not reflected in his disclosures.

SELECTED DISCLOSURES BY DR. WAGNER AND RELATED INFORMATION REPORTED BY PHARMACEUTICAL COMPANIES AND DEVICE MANUFACTURERS

Year	Company	Disclosure filed with institution	Amount company reported
2000 ¹	GlaxoSmithKline	Not reported	² \$53,220
	Pfizer	Not reported	5,000
2001 ¹	Bristol-Myers Squibb	Not reported	4,194
	GlaxoSmithKline	Not reported	³ 18,255
2002	Pfizer	Not reported	3,000
	Eli Lilly	Not reported	11,000
	GlaxoSmithKline	Not reported	34,961
2003	Pfizer	Not reported	2,500
	Eli Lilly	Not reported	9,750
	GlaxoSmithKline	Not reported	31,799
2004	Pfizer	Not reported	6,350
	AstraZeneca	Not reported	2,100
	Eli Lilly	Not reported	8,632
2005	GlaxoSmithKline	Not reported	17,371
	Pfizer	Not reported	1,000
	AstraZeneca	2,100	0
	Abbott Labs	14,000	n/a
	Eli Lilly	Not reported	300
2006	Pfizer	3,500	6,000
	GlaxoSmithKline	600	4,796
	Abbott Labs	10,000	n/a
	Bristol-Myers Squibb	5,400	7,204
	Eli Lilly	4,531	4,531
2007	Bristol-Myers Squibb	1,500	1,500
	Eli Lilly	3,281	3,281

¹The University of Texas Medical Branch at Galveston's conflict of interest policy did not provide for annual disclosures until 2002.

²Payments for 19 talks on Paxil.

³Payments for 7 talks on Paxil.

⁴Honorarium and Expense. Paxil Psychiatry Advisory Board Member. Waldorf Astoria, 301 Park Ave., New York, NY. February 17, 2005.

Note 1: When a Physician named a company in a disclosure but did not provide an amount, the text reads "no amount reported." When a Physician did not list the company in the disclosure, the column reads "not reported." The Committee contacted several companies for payment information and the notation n/a (not available) reflects that a company was not contacted.

Note 2: The Committee estimated the payments Dr. Wagner disclosed totaled about \$100,000 during the period January 2000 through June 2007. Information reported by the pharmaceutical companies indicate that they made additional payments that are not reflected in her disclosures.

EXHIBIT A
Speaker Event and Professional Programs Databases

SEQNUMB	PRODUCT	XTYPE	MTG DATE	TOPIC	FIRST NAME	LAST NAME	PAYEE	AMOUNT	PAYMENT TYPE	LOCATION	DATABASE
CON10037	Paxil	Dinner Meeting	4/5/2001	HO-Management Of Child & Adolescent Anxiety & Depression	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	2000.00	Honorarium	GlaxoSmithKline Pharmaceuticals One Franklin Plaza Philadelphia, PA	CORE
CON11454	Paxil	Dinner Meeting	5/16/2001	HO-Psychocouncil	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	2500.00	Honorarium	GlaxoSmithKline Pharmaceuticals One Franklin Plaza Philadelphia, PA	CORE
CON11034	Paxil	Dinner Meeting	7/17/2001	Contemporary Treatment of Depression	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	2500.00	Honorarium	Townsend Hotel 100 Townsend Street Birmingham, MI	CORE
CON11034	Paxil	Dinner Meeting	7/17/2001	Contemporary Treatment of Depression	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	1825.19	Expense	Townsend Hotel 100 Townsend Street Birmingham, MI	CORE
CON17385	Paxil	Dinner Meeting	7/26/2001	HO-Major Depression and Social Anxiety Disorder in Children	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	2500.00	Honorarium	GlaxoSmithKline Pharmaceuticals One Franklin Plaza Philadelphia, PA	CORE
CON17385	Paxil	Dinner Meeting	7/26/2001	HO-Major Depression and Social Anxiety Disorder in Children	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	430.00	Expense	GlaxoSmithKline Pharmaceuticals One Franklin Plaza Philadelphia, PA	CORE
CON15456	Paxil	Dinner Meeting	8/15/2001	HO-Treatment of Major Depression	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	2500.00	Honorarium	GlaxoSmithKline Pharmaceuticals One Franklin Plaza Philadelphia, PA	CORE
SKB17173	Paxil	National Advisory Board	1/25/2002	Paxil Forum Consultants Update 2002-St. Regis Monarch Beach	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	2600.00	Honorarium	St. Regis Monarch Beach Resort 23841 Stonehill Drive Dana Point, CA	CORE
SKB17173	Paxil	National Advisory Board	1/25/2002	Paxil Forum Consultants Update 2002-St. Regis Monarch Beach	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	1929.00	Honorarium	St. Regis Monarch Beach Resort 23841 Stonehill Drive Dana Point, CA	CORE
SKB15659	Paxil	National Advisory Board	2/7/2002	Paxil Psychiatry Advisory Board Meeting	KAREN	WAGNER	KAREN DINEEN WAGNER MD PHD	3100.00	Honorarium	St. Regis Two East 55th Street at Fifth Avenue New York, NY	CORE