Regulating Conflicts of Interest through Public Disclosure: Evidence from a Physician Payments Sunshine Law

Mandatory public disclosure is often advocated for addressing conflicts of interest that arise from pharmaceutical industry sponsored meals and payments to physicians. However, effects of such policies lack robust empirical evidence. This paper investigates the effect of the 2009 Massachusetts “payments sunshine law” on physician prescribing using a comprehensive prescriptions dataset of 254 drugs in eight drug classes, written by 5312 physicians (in Massachusetts and four control states) over 48 months. Results demonstrate a significant post-disclosure reduction in marketed drug prescriptions by Massachusetts physicians relative to controls. These effects are driven primarily by physicians with either low amounts or nothing to disclose. This is consistent with an opt-out mechanism; disclosure may cause some physicians to reduce meals and payments out of social image concerns, leading to changes in prescriptions. Conversely, those disclosing the highest amounts showed no response to disclosure, perhaps suggesting they did not opt out of anything.