



March 10, 2008

The Honorable Charles Grassley  
Ranking Member, Senate Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Senator Grassley:

I write as Associate General Counsel for Regulatory Law for Baxter International, Inc. ("Baxter") and in response to your February 26, 2008 letter to Baxter's Chief Executive Officer, Robert L. Parkinson. Baxter appreciates this opportunity to outline its process for disclosing its relationships with the medical community. Baxter supports and applauds your efforts to require transparency in manufacturers relationships with medical entities as a way to empower patients to make more informed and cost effective decisions for medical care.

## **I. Background on Baxter**

By way of background, Baxter is a healthcare company with a proud 75-year history of manufacturing therapies for patients with the most critical health needs. We assist healthcare professionals and their patients with treatment of some of the most complex medical conditions including hemophilia, immune disorders, kidney disease and cancer. Baxter applies its expertise in medical devices, biotechnology and pharmaceuticals to make a meaningful difference in patients' lives. We employ over 17,000 people in the United States, with over 11,000 of those people in manufacturing jobs.

As you know, the collaboration between medical technology companies and physicians has led to groundbreaking advances in patient care. Physicians are the experts needed in the development and refinement of medical technology as well as clinical programs. Often, the success of medical technology depends on the skill and training of a physician before and after FDA approval.

Baxter recognizes that its relationships with its patients and the physicians who administer the products and therapies it manufactures are as critical as the product and therapies themselves to making a meaningful difference in the lives of patients. We have a strong foundation of shared values, processes and tools that help guide us in making good, ethical business judgments.

## **II. Baxter's Disclosure Efforts**

Some states require publication of payments to healthcare professionals on company websites. For example, since July 2005, Baxter has complied with the State of California's law that requires tracking expenditures to healthcare providers as well as posting on Baxter's external website our annual spending limit per healthcare provider. In anticipation of similar state disclosure laws, we dedicated resources to design and implement a measurement tool to track spending in order to report to state governments.

Baxter's establishment of relationships with medical entities is governed by internal controls, attached hereto for your reference, which include:

- Baxter's Global Business Standards that includes governing requirements on relationships with healthcare professionals;



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- Baxter's Funding Policy and Procedure with very specific criteria and an approval process intended to prevent impropriety when providing grants to support medical/scientific research, and providing funds to retain medical consulting services for a bona fide business need;
- Baxter's Policy on Continuing Education for U.S. Healthcare Professionals; and,
- Various efforts to monitor state disclosure laws.

Recognizing the evolving landscape of requirements, Baxter continues to further enhance and strengthen its programs covering interactions with healthcare professionals as well as other healthcare regulatory matters.

### **III. Baxter Supports Federal Disclosure Legislation that Establishes a National Disclosure Standard**

In particular, Baxter, as a member of AdvaMed, supports AdvaMed's principles regarding federal disclosure legislation. Those principles are attached hereto for your reference. In particular, it is critical that federal legislation create a national disclosure standard that preempts state requirements. Overlapping and conflicting state requirements, have created, and would continue to create duplication, uncertainty, and burden in complying with them.

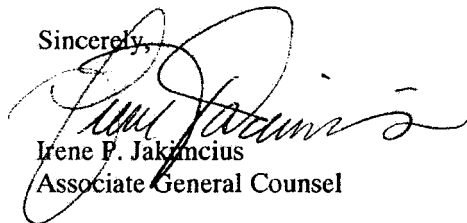
We can support a comprehensive federal standard for disclosure that meets the AdvaMed principles. A central repository with information on physician / industry collaborations would greatly benefit patients and the community at large, which we believe, is the intent of your legislation. Congress recognized the importance of preemption last year in the FDA Amendments Act, which requires manufacturers to register clinical trials in a federal database.

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Thank you for this opportunity to outline Baxter's commitment to transparency and compliance, and to express our support for federal Sunshine legislation that, pursuant to AdvaMed's principles, preempts state requirements.

Please do not hesitate to contact me at (847) 948-3612 should you have any additional questions.

Sincerely,



Irene P. Jakimcius  
Associate General Counsel

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Attachments