

# Virtual Mentor

American Medical Association Journal of Ethics  
August 2006, Volume 8, Number 8: 503-508.

## Clinical case

### Dispensing cosmeceuticals from the office

Commentary by Michael H. Gold, MD

Mrs. Schweppe had just finished seeing her dermatologist, Dr. Fletcher, and was in the process of making an appointment to follow up about her eczema treatments when her eye caught three non-descript bottles with gold writing displayed on a short platform.

“Angie,” Mrs. Schweppe asked Dr. Fletcher’s secretary, “what are these bottles?”

“These are our special sunscreens and moisturizers,” Angie answered. “Are you currently using any special sunscreen on your face?”

“Well, no,” Mrs. Schweppe answered. “I mean, I always use an SPF 15—or 30 if I’m in the garden—but I usually buy whatever is on sale at the pharmacy.”

“Perhaps you should talk to Dr. Fletcher about the product before he meets with his next patient. Most of the doctors in the practice recommend this sunscreen to all of their patients, but if Dr. Fletcher hadn’t mentioned it, maybe it’s because it would interact badly with your eczema medication.” While Angie went to find Dr. Fletcher, Mrs. Schweppe read the short pamphlet that showed before and after pictures and offered testimonials about the benefits of the lotions.

“So, Marie,” Dr. Fletcher warmly greeted her, “Angie tells me that you’re interested in some of our products.”

“Well,” Mrs. Schweppe began, “they just caught my eye and I wondered if it was something new that I should be using.”

“I can tell you that the sunscreen here offers you the protection of SPF 30, moisturizes very well and never leaves your face feeling dry or oily like some of the mass-marketed products can. It’s much gentler on the skin.” Dr. Fletcher picked up the “tester” bottle and allowed Mrs. Schweppe to feel and smell the lotion.

“Do you think that this is something I need? How much is it?” she asked, clearly impressed by what she had seen so far.

“It’s kind of expensive, which is why I hadn’t mentioned it to you before. I think that it’s great and that it can only help your skin, but what you use now probably gives you the minimum protection that you need.”

“Well, if it’s so expensive here, maybe I can find it cheaper at a discount store or pharmacy.” Mrs. Schweppe offered.

“Unfortunately, you can’t get it anywhere else in the state—we have an exclusive contract with the manufacturer. We’re currently trying to expand their distribution but that could take months. The good news is that you don’t need a prescription. It’s about \$35 a bottle and each bottle, if you use it everyday, will last about a month. I can assure you, however, that your face will be well protected when you’re in the garden if you use this lotion. Also, we can offer you a better deal if you buy several months’ worth today.”

“I suppose I should get it then,” Mrs. Schweppe said with a hint of reluctance in her voice. “It’s almost impossible to cover my face completely when I’m in the sun and with the increase of skin cancer that you hear about on the news, you can never be too careful.”

“That sounds great. How many months’ worth can Angie get for you?”

### **Commentary**

The dispensing of cosmeceutical products from physician offices has become a standard practice in the majority of dermatologic and plastic surgery offices across the United States. I comment on the case presented here as a dermatologist who has been dispensing cosmeceutical products in my office setting for the past 15 years and who has lectured extensively on what I have always described as the “ethical” dispensing of cosmeceutical products. By that I mean that, while I have always made nonprescription products available in my dermatologic clinic, I have never made patients feel obligated to purchase them.

During the past 15 years the nonprescription skin care business has expanded rapidly, as anyone walking into any pharmacy or looking at the cosmetic counter of any department store can see. Sales of skin care products have reached billions of dollars per year, and it seems to me that dermatologists and plastic surgeons, those physicians who spend the most time dealing with skin care concerns and issues, are in the best position to recommend the most appropriate skin care product or regimen to their patients. I refer to this as a “one-stop shopping” platform for dermatologists and plastic surgeons. We understand skin better than any other group and, if dispensing of nonprescription skin care products is done ethically, I find no reason the practice should not continue to grow and thrive.

There are both strong advocates of and vocal opponents to the concept of dispensing products from clinical offices. One look at the guidelines of the professional societies and you can get an understanding of the ongoing debate. A brief summary of the

relevant opinion from the *Code of Medical Ethics* of the American Medical Association states:

1. Physicians may sell health-related goods at cost, provided that they take adequate precautions to assure that patients are not pressured into making purchases. Products sold should be evaluated for their scientific validity.
2. Physicians may ethically advise the use of and provide free health-related non-prescription goods from their offices.
3. Physicians should not participate in exclusive distributorships [1].

*The Code of Ethics of the American Society of Plastic Surgeons*, however, states that “In the practice of medicine, a physician should receive professional income only for...sale of medically-related products approved by the physician” [2], which seems to be at odds with the AMA’s position.

And finally, the American Academy of Dermatology declared in 1998, “dermatologists who dispense in-office should do so in a manner with the best interest of their patient as their highest priority, as it is in all other aspects of dermatologic practice” [3].

Clearly, we have three different opinions from three vocal medical organizations. This discordance led to considerable debate in the world of medical sales and marketing. Articles and commentaries for and against the practice of dispensing cosmeceutical products have appeared in the dermatologic literature. Some thought we were putting our integrity at stake [4-6] while others felt that making skin care products available to patients was an extension of our everyday dermatologic business [7, 8]. This is where the word “business” entered into our medical vocabulary, at least for me.

The practice of medicine is a business, no matter which specialty one is in. I believe strongly that every one of us entered the field of medicine with the primary mission of taking care of patients to the best of our abilities. This does not alter the fact that, in the real world, the majority of us are involved in the business operations of a medical practice; the degree to which this is true varies from physician to physician, group to group and specialty to specialty, but almost always with the physician in charge.

The practice of dermatology puts the patients’ concerns right in front of our eyes, and our goal is to help those patients maintain healthy skin. This is in part the reason for the influx of cosmetic products and procedures into our practice. In many cases dermatologists have played crucial roles in developing or in refining these techniques so that now a broad range of skin care products essential to healthy skin maintenance is available and sought after.

My office is set up so that patients have the opportunity to see, examine and buy skin care products. Sales are handled at our Medi-Spa, located adjacent to but separate from my practice space. Brochures that explain many of the products and their

potential benefits are available in our reception area. After I examine a patient, I routinely ask about his or her skin care routine. If the patient is using appropriate agents on his or her skin, no matter where they were purchased, I will review those products with the patient and make sure they are being used correctly. With patients who are not using skin care products and who I think would benefit from a non-prescription skin care routine, I explain the kinds of products and ingredients I think will work best for their skin. I then refer them to the Medi-Spa for further evaluation. The patient receives a copy of my suggestions to take to the staff at the Medi-Spa who proceed to supply further explanation of the products we are recommending.

### **No coercive sales techniques**

At this point, let me digress. Although I may have recommended that the patient go to our Medi-Spa and learn about the skin care products we have, I never insist that patients go there, nor will their decision affect their future treatments or care. All personnel in the Medi-Spa environment are licensed medical aestheticians or massage therapists who have received thorough training about the skin care products we sell. We offer numerous products in a variety of price ranges. We also have “testers” of every product we sell. Moreover, we offer samples when patients are financially unable—or unsure as to whether they actually want—to make the purchase. I consider these procedures—and my staff’s training—essential elements in ethical dispensing of products from the clinical setting.

### **The case at hand**

The case before us raises several questions: who should be in charge of the explanation of the skin care product to the patient? Should the dermatologist profit from the sale of the products? And should the dermatologist be an exclusive retailer of it? I’ll answer these in order. Explaining skin care products to the patient should be the job of a medical professional, whether a physician, nurse practitioner or physician assistant, or skin care professional such as an aesthetician. Receptionists and other untrained staff should not explain or sell skin care products in the office environment.

The answer to whether it is ethical for a dermatologist to generate a profit from product sales is a definite yes, but many would be surprised to learn that very little profit is ever realized from this business in the typical physician’s office. Inventory controls, staffing needs and other factors reduce the actual profits seen in the physician-office dispensing marketplace, so some markup on the price paid for the product is expected.

Markups of skin care products vary greatly. Most physicians generally mark products up from 50 to 100 percent of the cost paid. The rule in our office is to make sure our prices are competitive with the retail environment around us and to be sensitive to the supplier’s recommended selling price. By keeping ethical concerns in mind, I am comfortable with how our office functions.

The last question deals with the exclusivity of the product and whether being an exclusive retailer may be perceived as coercion. In the many years I have been selling skin care products, I have come across very few instances in which a physician has been given exclusive rights to a skin care product or line of products—that usually doesn't make good business sense for the skin care company. So consumers have a choice of vendors in most locations. On the other hand, so-called "private labeling" of skin care products is a booming business. It allows a physician to appear to have an "exclusive" product, although that same product exists in many other places with "exclusive" labeling of other physicians. This becomes somewhat tricky, and physicians should inform patients that they are using a so-called private-label supplier. As I have stated, there are very few truly exclusive arrangements, and very few physicians are in a financial position to create their own unique skin care line.

The ethical dispensing of nonprescription skin care products is a useful tool for promoting maintenance of healthy skin to our patients who are in need of this service. We are specially trained physicians and skin care professionals who know more about the skin than the majority of people who currently recommend skin care products to consumers. The dispensing should be done in a nonthreatening manner, keeping the best interests of the patient as the number one goal.

### References

1. American Medical Association. Opinion 8.063. Sale of health-related products from physicians' offices. *Code of Medical Ethics*. Available at: [http://www.ama-assn.org/apps/pf\\_new/pf\\_online?f\\_n=browse&doc=policyfiles/HnE/E-8.063.HTM&&s\\_t=&st\\_p=&nth=1&prev\\_pol=policyfiles/HnE/E-7.05.HTM&nxt\\_pol=policyfiles/HnE/E-8.01.HTM&](http://www.ama-assn.org/apps/pf_new/pf_online?f_n=browse&doc=policyfiles/HnE/E-8.063.HTM&&s_t=&st_p=&nth=1&prev_pol=policyfiles/HnE/E-7.05.HTM&nxt_pol=policyfiles/HnE/E-8.01.HTM&). Accessed June 20, 2006.
2. American Society of Plastic Surgeons. *Code of Ethics of the American Society of Plastic Surgeons*. Available at: [http://www.plasticsurgery.org/psf/psfhome/about/2005\\_asps\\_code\\_of\\_ethics.pdf](http://www.plasticsurgery.org/psf/psfhome/about/2005_asps_code_of_ethics.pdf). Accessed July 18, 2006.
3. American Academy of Dermatology. Policy Guide. *Practice Management*. P-61.200 Dispensing. Available at: <http://www.aad.org/professionals/policies/Policies.htm>. Accessed: June 18, 2006.
4. Norton L, Farber H. Point-counterpoint: should dermatologists dispense cosmetics? *Skin & Aging*. 1998;6:74-77.
5. Epstein E. Are we consultants or peddlers? *Arch Dermatol*. 1998;134:508-509.
6. Miller RC. Dermatologists should guard their patients' purse, not pick their pockets! *Arch Dermatol*. 1999;135:255-256.
7. Gormley DE. There is nothing wrong with dermatologists selling products to patients! *Arch Dermatol*. 1999;135:765-766.
8. Milstein E. The sale of products benefits patients and doctors alike. *Arch Dermatol*. 1999;135:851.

*Michael H. Gold, MD, is medical director of the Gold Skin Care Center, the Tennessee Clinical Research Center, The Laser & Rejuvenation Center and the*

*Advanced Aesthetics Medi-Spa. He is also a clinical adjunct assistant professor at Vanderbilt University Medical School in Nashville, Tenn.*

*The viewpoints expressed on this site are those of the authors and do not necessarily reflect the views and policies of the AMA.*

Copyright 2006 American Medical Association. All rights reserved.