

and look for ways to decrease it. Compulsive attention to it, however, is often a sign that more important aspects of the practice are being neglected.

Consider revenue, for example. More often than not, it is better to increase gross receipts than to decrease overhead. As a famous businessman once told me, “Your ability to cut costs is limited, but your ability to increase revenue is unlimited.”

Negotiate better contracts with third-party payers. Improve collections, possibly with the credit card system I’ve discussed in several recent columns. Learn to code better and train your staff to do so as well. Use your time more efficient-

ly. Don’t worry so much about overhead. Would you rather keep 60% of \$800,000 or 40% of \$2 million?

I recently spoke with a prominent cosmetic dermatologist in New York City whose spa was bringing in a steady \$1 million per year in revenue, but with 80% overhead. He was talking about closing it down because the overhead was too high! He didn’t understand that his spa was making him money, regardless of the overhead percentage. By closing the spa, he would have traded a tidy profit of 20 cents on the dollar for zero cents on the dollar.

That’s why you have to be careful when using percentage as a yardstick of your

overhead. Overhead percentage doesn’t reflect overhead; it reflects the ratio of overhead to revenue. Without looking at the numbers themselves, both revenue and overhead, you can get a distorted view.

Let’s compare two hypothetical dermatology practices: One is primarily medical and the other is surgical. The medical practice has an overhead percentage of 60% and the surgical practice 40%, but in real dollars, their overheads are exactly the same. How can that be? Is one more efficient than the other? No, the difference is in total revenue; the surgical practice generates substantially higher gross receipts than does the medical practice. When the revenue goes up, the

overhead percentage drops, even though the overhead in real dollars is the same. Once again, would you rather keep 60% of \$800,000 or 40% of \$2 million?

Don’t get me wrong. Overhead is not something you should ignore, but neither should you obsess over it on a regular basis. You would be far better off seeing patients with that time. The incremental cost of seeing an additional patient is almost zero, and the revenue is almost pure profit, since you’ve already paid your overhead.

Concentrate on finding new ways to increase revenue or expand your practice, and your overhead will take care of itself. ■

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# MedPAC Looks At Hospitalists’ Recent Growth

WASHINGTON — The explosive growth of hospitalists has caught the notice of the Medicare Payment Advisory Commission, which advises Congress on cost, quality, and access issues affecting the federal health program.

The number of hospitalists has nearly doubled in the last 5 years and will rise to 24,000 in 2008, according to information presented by MedPAC staff at a recent meeting. Citing figures from the Society for Hospital Medicine, the staff said that 40% of Medicare beneficiaries will receive care from a hospitalist by 2010, which is double the current number.

The MedPAC staff and some of the commissioners expressed concern that the explosion of hospitalist care could increase Medicare’s overall spending. According to the staff, hospitalists are usually compensated through a combination of fixed salary and volume-based bonus incentives.

Those volume-based incentives may be driving hospitalists to admit and consult more often, said Zach Gaumer, a MedPAC staff member—and currently, he continued, Medicare’s payment system rewards volume, not quality and efficiency.

Hospitalists have shown that they can “create measurable efficiency gains,” he said, citing a study that showed that patients treated by hospitalists had a shorter length of stay and lower costs than those who were looked after by a general internist or family physician (N. Engl. J. Med. 2007;357:2589-600). There seemed to be no impact, however, on mortality or readmissions, said Mr. Gaumer.

The consistent presence of a hospitalist, however, may improve patient safety and lead to quicker adoption of process-improvement initiatives, he added.

On balance, the collaboration between hospitals and physicians can be a plus for providers and patients, said MedPAC staff member Ann Mutti.

The commission should aim for Medicare incentives that encourage appropriate care and the right mix of care, she said.

—Alicia Ault

The adverse reactions that most frequently resulted in clinical intervention (e.g., rest periods, withdrawal from study) were local skin and application site reactions; 10% (19/185) of subjects received rest periods. The average number of doses not received per subject due to rest periods was 7 doses with a range of 2 to 22 doses; 79% of subjects (15/19) resumed therapy after a rest period. Overall, in the clinical studies, 2% (4/185) of subjects discontinued for local skin/application site reactions. In the sBCC studies, 17 of 1266 (1.3%) Aldara-treated subjects developed treatment site infections that required a rest period and treatment with antibiotics. **6.3 Clinical Trials Experience: External Genital Warts** In controlled clinical trials for genital warts, the most frequently reported adverse reactions were local skin and application site reactions. Some subjects also reported systemic reactions. Overall, 1.2% (4/327) of the subjects discontinued due to local skin/application site reactions. The incidence and severity of local skin reactions during controlled clinical trials are shown in the following table.

Table 8: Local Skin Reactions in the Treatment Area as Assessed by the Investigator (External Genital Warts)			
Aldara Cream		Vehicle	
Females n=114	Males n=156	Females n=99	Males n=157
All Grades* Severe	All Grades* Severe	All Grades* Severe	All Grades* Severe
Erythema 74 (65%) 4 (4%)	90 (58%) 6 (4%)	21 (21%) 0 (0%)	34 (22%) 0 (0%)
Erosion 35 (31%) 1 (1%)	47 (30%) 2 (1%)	8 (8%) 0 (0%)	10 (6%) 0 (0%)
Excoriation/Flaking 21 (18%) 0 (0%)	40 (26%) 1 (1%)	8 (8%) 0 (0%)	12 (8%) 0 (0%)
Edema 20 (18%) 1 (1%)	19 (12%) 0 (0%)	5 (5%) 0 (0%)	1 (1%) 0 (0%)
Scabbing 4 (4%) 0 (0%)	20 (13%) 0 (0%)	0 (0%) 0 (0%)	4 (3%) 0 (0%)
Induration 6 (5%) 0 (0%)	11 (7%) 0 (0%)	2 (2%) 0 (0%)	3 (2%) 0 (0%)
Ulceration 9 (8%) 3 (3%)	7 (4%) 0 (0%)	1 (1%) 0 (0%)	1 (1%) 0 (0%)
Vesicles 3 (3%) 0 (0%)	3 (2%) 0 (0%)	0 (0%) 0 (0%)	0 (0%) 0 (0%)

\*Mild, Moderate, or Severe  
Remote site skin reactions were also reported. The severe remote site skin reactions reported for females were erythema (3%), ulceration (2%), and edema (1%); and for males, erosion (2%), and erythema, edema, induration, and excoriation/flaking (each 1%). Selected adverse reactions judged to be probably or possibly related to Aldara Cream are listed below.

Table 9: Selected Treatment Related Reactions (External Genital Warts)				
	Females		Males	
	Aldara Cream n=117	Vehicle n=103	Aldara Cream n=156	Vehicle n=158
<b>Application Site Disorders:</b>				
Application Site Reactions				
<b>Wart Site:</b>				
Itching	38 (32%)	21 (20%)	34 (22%)	16 (10%)
Burning	30 (26%)	12 (12%)	14 (9%)	8 (5%)
Pain	9 (8%)	2 (2%)	3 (2%)	1 (1%)
Soreness	3 (3%)	0 (0%)	0 (0%)	1 (1%)
<b>Fungal Infection*</b>	13 (11%)	3 (3%)	3 (2%)	1 (1%)
<b>Systemic Reactions:</b>				
Headache	5 (4%)	3 (3%)	8 (5%)	3 (2%)
Influenza-like symptoms	4 (3%)	2 (2%)	2 (1%)	0 (0%)
Myalgia	1 (1%)	0 (0%)	2 (1%)	1 (1%)

\*Incidences reported without regard to causality with Aldara Cream.  
Adverse reactions judged to be possibly or probably related to Aldara Cream and reported by more than 1% of subjects included: **Application Site Disorders:** burning, hypopigmentation, irritation, itching, pain, rash, sensitivity, soreness, stinging, tenderness. **Remote Site Reactions:** bleeding, burning, itching, pain, tenderness, tinea cruris. **Body as a Whole:** fatigue, fever, influenza-like symptoms. **Central and Peripheral Nervous System Disorders:** headache. **Gastro-Intestinal System Disorders:** diarrhea. **Musculo-Skeletal System Disorders:** myalgia. **6.4 Clinical Trials Experience: Dermal Safety Studies** Provocative repeat insult patch test studies involving induction and challenge phases produced no evidence that Aldara Cream causes photoallergenicity or contact sensitization in healthy skin; however, cumulative irritancy testing revealed the potential for Aldara Cream to cause irritation, and application site reactions were reported in the clinical studies [see Adverse Reactions (6)]. **6.5 Postmarketing Experience** The following adverse reactions have been identified during post-approval use of Aldara Cream. Because these reactions are reported voluntarily from a population of uncertain size, it is not always possible to reliably estimate their frequency or establish a causal relationship to drug exposure. **Body as a Whole:** angioedema. **Cardiovascular:** capillary leak syndrome, cardiac failure, cardiomyopathy, pulmonary edema, arrhythmias (tachycardia, atrial fibrillation, palpitations), chest pain, ischemia, myocardial infarction, syncope. **Endocrine:** thyroiditis. **Hematological:** decreases in red cell, white cell and platelet counts (including idiopathic thrombocytopenic purpura), lymphoma. **Hepatic:** abnormal liver function. **Neuropsychiatric:** agitation, cerebrovascular accident, convulsions (including febrile convulsions), depression, insomnia, multiple sclerosis aggravation, paresis, suicide. **Respiratory:** dyspnea. **Urinary System Disorders:** proteinuria. **Skin and Appendages:** exfoliative dermatitis, erythema multiforme, hyperpigmentation. **Vascular:** Henoch-Schönlein purpura syndrome

## 8 USE IN SPECIFIC POPULATIONS

**8.1 Pregnancy** Pregnancy Category C: Note: The Maximum Recommended Human Dose (MRHD) was set at 2 packets per treatment of Aldara Cream (25 mg imiquimod) for the animal multiple of human exposure ratios presented in this label. If higher doses than 2 packets of Aldara Cream are used clinically, then the animal multiple of human exposure would be reduced for that dose. A non-proportional increase in systemic exposure with increased dose of Aldara Cream was noted in the clinical pharmacokinetic study conducted in actinic keratosis subjects [see Clinical Pharmacology (12.3)]. The AUC after topical application of 6 packets of Aldara Cream was 8 fold greater than the AUC after topical application of 2 packets of Aldara Cream in actinic keratosis subjects. Therefore, if a dose of 6 packets per treatment of Aldara Cream was topically administered to an individual, then the animal multiple of human exposure would be either 1/3 of the value provided in the label (based on body surface area comparisons) or 1/8 of the value provided in the label (based on AUC comparisons). The animal multiples of human exposure calculations were based on weekly dose comparisons for the carcinogenicity studies described in this label. The animal multiples of human exposure calculations were based on daily dose comparisons for the reproductive toxicology studies described in this label. Systemic embryofetal development studies were conducted in rats and rabbits. Oral doses of 1, 5 and 20 mg/kg/day imiquimod were administered during the period of organogenesis (gestational days 6 – 15) to pregnant female rats. In the presence of maternal toxicity, fetal effects noted at 20 mg/kg/day (577X MRHD based on AUC comparisons) included increased resorptions, decreased fetal body weights, delays in skeletal ossification, bent limb bones, and two fetuses in one litter (2 of 1567 fetuses) demonstrated exencephaly, protruding tongues and low-set ears. No treatment related effects on embryofetal toxicity or teratogenicity were noted at 5 mg/kg/day (98X MRHD based on AUC comparisons). Intravenous doses of 0.5, 1 and 2 mg/kg/day imiquimod were administered during the period of organogenesis (gestational days 6 – 18) to pregnant female rabbits. No treatment related effects on embryofetal toxicity or teratogenicity were noted at 2 mg/kg/day (1.5X MRHD based on BSA comparisons), the highest dose evaluated in this study, or 1 mg/kg/day (407X MRHD based on AUC comparisons). A combined fertility and peri- and post-natal development study was conducted in rats. Oral doses of 1, 1.5, 3 and 6 mg/kg/day imiquimod were administered to male rats from 70 days prior to mating through the mating period and to female rats from 14 days prior to mating through parturition and lactation. No effects on growth, fertility, reproduction or post-natal development were noted at doses up to 6 mg/kg/day (87X MRHD based on AUC comparisons), the

highest dose evaluated in this study. In the absence of maternal toxicity, bent limb bones were noted in the F1 fetuses at a dose of 6 mg/kg/day (87X MRHD based on AUC comparisons). This fetal effect was also noted in the oral rat embryofetal development study conducted with imiquimod. No treatment related effects on teratogenicity were noted at 3 mg/kg/day (41X MRHD based on AUC comparisons). There are no adequate and well-controlled studies in pregnant women. Aldara Cream should be used during pregnancy only if the potential benefit justifies the potential risk to the fetus. **8.3 Nursing Mothers** It is not known whether imiquimod is excreted in human milk following use of Aldara Cream. Because many drugs are excreted in human milk, caution should be exercised when Aldara Cream is administered to nursing women. **8.4 Pediatric Use** AK and sBCC are not conditions generally seen within the pediatric population. The safety and efficacy of Aldara Cream for AK or sBCC in patients less than 18 years of age have not been established. Safety and efficacy in patients with external genital/perianal warts below the age of 12 years have not been established. Aldara Cream was evaluated in two randomized, vehicle-controlled, double-blind trials involving 702 pediatric subjects with molluscum contagiosum (MC) (470 exposed to Aldara; median age 5 years, range 2-12 years). Subjects applied Aldara Cream or vehicle 3 times weekly for up to 16 weeks. Complete clearance (no MC lesions) was assessed at Week 18. In Study 1, the complete clearance rate was 24% (52/217) in the Aldara Cream group compared with 26% (28/106) in the vehicle group. In Study 2, the clearance rates were 24% (60/253) in the Aldara Cream group compared with 28% (35/126) in the vehicle group. These studies failed to demonstrate efficacy. Similar to the studies conducted in adults, the most frequently reported adverse reaction from 2 studies in children with molluscum contagiosum was application site reaction. Adverse events which occurred more frequently in Aldara-treated subjects compared with vehicle-treated subjects generally resembled those seen in studies in indications approved for adults and also included otitis media (5% Aldara vs. 3% vehicle) and conjunctivitis (3% Aldara vs. 2% vehicle). Erythema was the most frequently reported local skin reaction. Severe local skin reactions reported by Aldara-treated subjects in the pediatric studies included erythema (28%), edema (8%), scabbing/crusting (5%), flaking/scaling (5%), erosion (2%) and weeping/exudate (2%). Systemic absorption of imiquimod across the affected skin of 22 subjects aged 2 to 12 years with extensive MC involving at least 10% of the total body surface area was observed after single and multiple doses at a dosing frequency of 3 applications per week for 4 weeks. The investigator determined the dose applied, either 1, 2 or 3 packets per dose, based on the size of the treatment area and the subject's weight. The overall median peak serum drug concentrations at the end of week 4 was between 0.26 and 1.06 ng/mL except in a 2-year old female who was administered 2 packets of study drug per dose, had a C<sub>max</sub> of 9.66 ng/mL after multiple dosing. Children aged 2-5 years received doses of 12.5 mg (one packet) or 25 mg (two packets) of imiquimod and had median multiple-dose peak serum drug levels of approximately 0.2 or 0.5 ng/mL, respectively. Children aged 6-12 years received doses of 12.5 mg, 25 mg, or 37.5 mg (three packets) and had median multiple dose serum drug levels of approximately 0.1, 0.15, or 0.3 ng/mL, respectively. Among the 20 subjects with evaluable laboratory assessments, the median WBC count decreased by 1.4\*10<sup>9</sup>/L and the median absolute neutrophil count decreased by 1.42\*10<sup>9</sup>/L. **8.5 Geriatric Use** Of the 215 subjects treated with Aldara Cream in the AK clinical studies, 127 subjects (59%) were 65 years and older, while 60 subjects (28%) were 75 years and older. Of the 185 subjects treated with Aldara Cream in the sBCC clinical studies, 65 subjects (35%) were 65 years and older, while 25 subjects (14%) were 75 years and older. No overall differences in safety or effectiveness were observed between these subjects and younger subjects. No other clinical experience has identified differences in responses between the elderly and younger subjects, but greater sensitivity of some older individuals cannot be ruled out.

## 10 OVERDOSAGE

Topical overdosing of Aldara Cream could result in an increased incidence of severe local skin reactions and may increase the risk for systemic reactions. The most clinically serious adverse event reported following multiple oral imiquimod doses of >200 mg (equivalent to imiquimod content of >16 packets) was hypotension, which resolved following oral or intravenous fluid administration.

## 13 NONCLINICAL TOXICOLOGY

**13.1 Carcinogenesis, Mutagenesis, Impairment of Fertility** In an oral (gavage) rat carcinogenicity study, imiquimod was administered to Wistar rats on a 2X/week (up to 6 mg/kg/day) or daily (3 mg/kg/day) dosing schedule for 24 months. No treatment related tumors were noted in the oral rat carcinogenicity study up to the highest doses tested in this study of 6 mg/kg administered 2X/week in female rats (87X MRHD based on weekly AUC comparisons), 4 mg/kg administered 2X/week in male rats (75X MRHD based on weekly AUC comparisons) or 3 mg/kg administered 7X/week to male and female rats (153X MRHD based on weekly AUC comparisons). In a dermal mouse carcinogenicity study, imiquimod cream (up to 5 mg/kg/application imiquimod or 0.3% imiquimod cream) was applied to the backs of mice 3X/week for 24 months. A statistically significant increase in the incidence of liver adenomas and carcinomas was noted in high dose male mice compared to control male mice (251X MRHD based on weekly AUC comparisons). An increased number of skin papillomas was observed in vehicle cream control group animals at the treated site only. The quantitative composition of the vehicle cream used in the dermal mouse carcinogenicity study is the same as the vehicle cream used for Aldara Cream, minus the active moiety (imiquimod). In a 52-week dermal photoco-carcinogenicity study, the median time to onset of skin tumor formation was decreased in hairless mice following chronic topical dosing (3X/week; 40 weeks of treatment followed by 12 weeks of observation) with concurrent exposure to UV radiation (5 days per week) with the Aldara Cream vehicle alone. No additional effect on tumor development beyond the vehicle effect was noted with the addition of the active ingredient, imiquimod, to the vehicle cream. Imiquimod revealed no evidence of mutagenic or clastogenic potential based on the results of five in vitro genotoxicity tests (Ames assay, mouse lymphoma L5178Y assay, Chinese hamster ovary cell chromosome aberration assay, human lymphocyte chromosome aberration assay and SHE cell transformation assay) and three in vivo genotoxicity tests (rat and hamster bone marrow cytogenetics assay and a mouse dominant lethal test). Daily oral administration of imiquimod to rats, throughout mating, gestation, parturition and lactation, demonstrated no effects on growth, fertility or reproduction, at doses up to 87X MRHD based on AUC comparisons.

Rx Only



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