

DRUGS -- THEIR COST AND PRICE

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The problem of controlling and limiting public funds used in the purchase of pharmaceuticals does require a definitive solution. Some of the reasons for rejecting the recently published HEW regulations have been discussed in a recent editorial on these pages. These regulations would allow payment only for listed prescriptions, mostly generic, and they have been shown to be inadequate in several important respects. Yet, the high cost of many brand name drugs makes the finding of an equitable solution an urgent and imperative task.

Society protects the monopoly position of pharmaceutical brand names in the market place, and it makes only good sense that profits from such products fall within some regulated guidelines, to prevent unreasonable excesses. Although understandably more expensive than generic equivalents, the higher costs of brand name drugs should be reasonably related to the cost of equivalent non-brand products. Both pharmaceutical companies and dispensing pharmacists have not always been as scrupulous in their pricing policies as they might have been and as they should have been, considering their unique position in providing basic and essential services.

Blatantly unconscionable pricing policies have also on occasion been pursued to maximize profits. The mail order price of 400 mg. tablets of meprobamate, for instance, is \$4.25 to \$4.50 per thousand. The same biochemical compound, under the trade name of Miltown, sells by mail order at \$61.20 per thousand, approximately 15 times the price of the generic equivalent. These prices are still more than doubled as the average patient presents his prescription to the pharmacist. A spot

check of Detroit pharmacies revealed that the price to the customer of 400 mg. tablets of Miltown was \$12.65 per one hundred, or \$126.50 per thousand, this being 30 times the price of its generic equivalent. This is by no means an isolated exception. Such ratios have very questionable validity even when private funds are expended, since the patient has no choice at all in what drugs he must purchase. It is obviously totally unacceptable as society as a whole becomes the customer. Especially in the spending of public funds, society can and should conclude a better bargain.

Pharmacists point out that drug stores are basically different from so-called ethical pharmacies, in as much as the latter store has a wide variety of prescription items, whether their turn-over is rapid or not. The cut-rate, super-market type drug store, on the other hand, often fails to have on hand relatively unprofitable items that are not frequently requested. The higher cost of drugs dispensed by ethical pharmacies is explained by the need to absorb the cost of such a useful service to the public.

Pharmaceutical companies similarly explain that the high cost of brand name drugs reflects in part the justified and necessary cost of research and development of new products. They also claim that wholesale and retail distributors are responsible for much of these costs, and that manufacturers of generic drugs often have low overhead, since they usually reap benefits from the toil of others.

The public is nevertheless entitled to spend its limited funds in a more rational and a less wasteful way. Unless drug companies and pharmacists are willing to seek and find improved and more efficient techniques for the manufacturing and distribution of pharmaceuticals, and unless they become more careful in their pricing policies, they are bound to force the public into purchasing possibly inferior drugs, but at markedly

lower prices. Drug companies and pharmacists may suffer financially as a result but patients will, as usual, be the ultimate sufferers. The best drugs will either be unavailable altogether or only at a delayed time. Such unnecessary suffering must be avoided. Pharmacists and drug companies face an urgent task.

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