

EDUCATING THE PHYSICIAN AND THE PHARMACIST REGARDING OFFICIAL TYPE OF PRESCRIPTIONS *VERSUS* THE PROPRIETARY TYPE.\*BY FRANK A. DELGADO.<sup>1</sup>

The extent that proprietary, trade-marked prescription specialties are prescribed is a subject of international concern. From Germany it is reported that the retail pharmacist finds his sphere of activity greatly hemmed. Trained and destined by tradition to be essentially a prescription druggist, *i. e.*, to fill prescriptions of physicians from ingredients carried in stock, he finds that a large per cent of his sales represents packaged, trade-marked and patented preparations sold at a prescribed maximum price. These preparations, however, offer an irresistible fascination to the physician because of the convenience in prescribing them.

The situation in Germany has become so acute that in 1936 the German Government met with representatives of the German pharmaceutical industry and pharmacists in order to iron out certain points of discord between the two groups. It is reported that as a result of this meeting, the pharmaceutical industry will keep a record of any specialties and agree to reduce the number of the various sizes of packages and to make other concessions required by the pharmacist.

The spread of health insurance throughout the world is focusing attention on the subject of proprietary and official prescription ingredients. This could not be better illustrated than in a report recently received from England stating that "the bulk of the medicines supplied to insured persons in England under the national health insurance scheme are of the official or semi-official pharmacopœial type, less than 2 per cent of the prescriptions being for proprietary preparations. The British Medical Association has issued a national formulary designed to supply practitioners with a compendium of prescriptions of pharmacopœial type and to discourage the use of proprietary preparations when non-proprietary preparations of analagous therapeutic effect are available.

In nearby Canada, there is seldom a meeting of pharmacists that the subject is not brought up in one form or another resulting in statements such as:

"Look through your prescription file and then ask the Medical Profession how under the name of Heaven, if he enlists himself to prescribe all these proprietary specialties, can the dispensing druggist do otherwise than obey his orders and how can he do otherwise than charge a high price when the expensive detail, free samples and high pressure advertising have all been included in the cost."

And again, in a paper by Ivon Garcia of North Vancouver, B. C.:

"There can be no doubt that the advent of mass production as applied to pharmaceutical operations has taken away a large portion of what was once magistral pharmacy."

As recently as July 15, 1937, in an article entitled "Turnover and Its Relation to Margin," E. O. Houghton of Toronto states:

"It seems to me that it would be well to encourage physicians to write legitimate prescriptions rather than write these semi-patents, which you sell over the counter and on which you make

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\* Section on Education and Legislation, A. P. H. A., New York meeting, 1937.

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no profit. We often have to open a package and dispense half a box and we lose money due to obsolescence."

I do not necessarily agree with some of the aforementioned statements and quotations originated abroad and only mention them to show that the subject is one of importance to pharmacists throughout the World.

One has only to examine the proceedings of the National and State pharmaceutical associations in this country to find that it is also receiving considerable attention in the U. S. For example, at the last meeting of the New Jersey State Pharmaceutical Association, the following resolution was referred to the Committee on Professional Relations:

*"Resolved, That the New Jersey Pharmaceutical Association asks the coöperation of all pharmaceutical manufacturers to cease bringing on the market any new compounds or specialties using the common every-day U. S. P. and N. F. drugs.*

*"Resolved, That the Professional Relations Committee be empowered to use their own judgment in calling attention of the Council of Pharmacy and Chemistry of the A. M. A., to numerous duplications of prescription proprietaries."*

While he was probably not speaking exclusively of prescription proprietaries, nevertheless the comment of H. J. Ostlund, Statistical and Cost Accounting Expert of the National Wholesale Druggists' Association is not irrelevant. Mr. Ostlund stated at the September 15, 1931 meeting of the Drug and Chemical Section of the New York Board of Trade:

*"The channels of distribution were choked with slow-moving competitive proprietaries."*

Two resolutions were presented at the 1936 meeting of the National Retail Druggists' Association:

*"Asking the Association to confer with manufacturers in an effort to correct the duplication of pharmaceuticals by different firms" and "Asking the Association to file protests with manufacturers against the packaging of simple admixtures of common drugs and chemicals as finished prescriptions and detailing them to physicians under composite trade names."*

In a discussion of this kind, the question naturally arises: Are there any facts and figures that will throw any light on the subject? The answer is Yes. The attention of anyone interested in studying the subject further is directed to that part of Chapter III on page 29 of "The Professional Pharmacy" (one of the National Drug Store Survey Reports) entitled "Average Cost of Materials and Selling Price of Prescriptions." The facts revealed in Tables XVI, XVII and XVIII should also prove of interest.

One will see upon examining these tables, that the average selling price of an official prescription is from 78 cents in Store 6B to 96 cents in Store 4C whereas the average selling price of the specialty type prescription is from a low of \$1.00 in Store 6B to a high of \$1.16 in Store 11B. There is probably an average difference in cost to the patient of 20 per cent or more for the country as a whole and when you stop to think that at least 165,000,000 prescriptions are filled annually in the United States of which at least 40,000,000 are of a specialty or proprietary or non-official character, you can see that the physicians could save their patients literally millions of dollars annually if they prescribed more official and less non-official ingredients and preparations.

Not only in the chapter just mentioned, but throughout the Report will be found factual information dealing with the subject.

There is another angle of this subject which pharmacy leaders throughout the country seem to overlook and that is that without filling a single additional prescription, the pharmacists of the country could make several million dollars more gross profit annually if a substantial portion of specialty prescriptions could be converted into the official type. One is again referred to the aforementioned tables which show that the average official prescription costs the pharmacist from 17 cents to 21 cents whereas the average specialty prescription costs him from 43 to 47 cents. The difference is even greater than these figures indicate for the reason that the turn-over is much greater for official preparations and the investment nowhere near as large.

The May 1937, issue of *The New Jersey Journal of Pharmacy* speaking of these particular facts said as follows:

“‘The Professional Pharmacy’ points out that at least twenty-five per cent of the prescriptions annually filled in this country call for manufacturers’ specialties and various proprietary and non-official preparations and that the average difference in cost to the patient on such prescriptions is an increase in price of twenty per cent.

“Thus, in New Jersey alone, where nearly six million prescriptions were filled during 1935 it is estimated that physicians could have saved their patients some \$300,000.

“It costs the pharmacist nearly twice as much for the ingredients to prepare the average specialty prescription and he must carry on his shelves at a large investment a great many duplicates for which the turnover is much less than for his stock of official preparations.

“The consumer insists on his right to correct information on the cost and quality of the commodities he uses. His ignorance is being reduced by education and in his enlightenment, he is learning the significance of the terms U. S. P. and N. F. and further, that there is no scientific justification for many proprietary remedies. The consumer will resent the fact that high-pressure salesmanship has stepped-up the cost of the medicines ordered for him. Perhaps when he is brought to realize that the average price of his prescriptions, of which there are some 165 million compounded annually, could be reduced from \$1.00 to \$.80, he will help the pharmacist in his endeavors to interest the physician in prescribing U. S. P. and N. F. products instead of similar products with trade names.”

There is still another angle of the subject that is also rather unpleasant from the viewpoint of the prescriptionist and that is so many proprietary prescription specialties evolved into “over the counter” proprietary medicines not differing particularly from a profit standpoint to numerous drug and toilet preparation loss leaders. One has only to observe the contents of a drug or department store window to see displayed at drastically cut prices a number of proprietary prescription specialties.

The basis of reasoning of certain pharmacists is sometimes incomprehensible. I remember some time ago reading an article by the proprietor of a drug store in which the author stated that new proprietary prescription specialties were responsible for the bulk of his prescription profits, and the proof of this was in the already large and constantly growing number of specialties on his shelves.

One of the most fallacious theories under which a pharmacist could labor is that those items in his prescription stock representing the bulk of his investment likewise are responsible for the bulk of his profit. According to the National Drug Store Survey, proprietaries are responsible for from 35 to 45 per cent of the total prescription department inventory investment, although only accounting for 20.5 per cent of the total number of ingredients used in filling prescriptions. The pharmacist can better judge the importance of his various prescription items, according

to the extent to which they are prescribed, rather than the extent to which his money is invested in them.

There is, of course, without any question a tremendous number of proprietary prescription products. About three years ago, a book was published entitled "Modern Drug Encyclopedia and Therapeutic Guide" listing 8160 modern non-pharmacopœial drugs, chemicals and preparations. It was hardly off the press when the publishers announced the publication of a quarterly supplement. During the past three years, 500 new products have been described in the supplements. The publishers now announce a new volume to be issued in 1938 containing these 500 products and many not previously described. The aforementioned statistics regarding the number of proprietary specialties became all the more interesting when compared with the number of official items listed in the current editions of the U. S. P. XI and N. F. VI which I understand amount to 569 in "The Pharmacopœia" and 689 in "The National Formulary."

Answers to the following questions regarding official and specialty type of prescriptions will be found in "The Professional Pharmacist."<sup>1</sup>

*Answers to Questions, Chapter I:*

(1) Are specialty prescriptions supplanting official prescriptions? (Page 17.)

Official prescriptions decreased only 2.2 percentage points from 1910 to 1930 while specialties also showed a decrease of 1.3 percentage points in the same period and prescriptions consisting of a mixture of specialty and official ingredients increased 3.5 percentage points.

(2) How do the number of specialty prescriptions compare with official type? (Pages 17 and 18.) Approximately 25 per cent or slightly less than one out of 4 prescriptions call exclusively for specialties. From 50.9 per cent to 53.6 per cent call for official prescriptions and the remaining percentage consist of the mixed type of prescription, *i. e.*, a combination of specialty and official ingredients.

*Answers to Questions, Chapter III:*

(1) Are high-priced prescriptions usually the official or specialty type? (Page 26.) Nearly  $\frac{2}{3}$  of the regular prescriptions studied during the National Drug Store Survey and priced at more than \$2.00 were manufacturers' specialties, specialties also accounting for the largest proportion of the prescription price at from \$1.55 to \$2.00. Two-thirds of the prescriptions priced at less than \$0.50 were official prescriptions.

(2) Why must the pharmacist charge more for specialty prescriptions? (Page 26.)

The average cost of ingredients in specialty prescriptions was \$0.45 as compared with \$0.17 for ingredients in official prescriptions. The report states further that "Due to the fact that specialties are responsible for a majority of items in frequent prescribing, they should bear an even higher mark-up."

(3) Has there been much change in prescription prices during the last 25 years and what are the factors responsible for this change? (Page 27.)

Only 2 per cent of prescriptions studied for 1910 were priced at more than \$1.00. In 1930 over 21 per cent were priced at more than \$1.00. This difference is due in part to the difference in the purchasing power of the dollar in 1910 and 1930. Also in 1910 there were as many high-priced specialties being prescribed.

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<sup>1</sup> Obtainable for 25 cents per copy from the AMERICAN PHARMACEUTICAL ASSOCIATION, 2215 Constitution Avenue, N. W., Washington, D. C.

(4) What type of prescription costs the pharmacist least—narcotic or non-narcotic and why? (Page 29.)

The cost of ingredients in the average narcotic prescription is less than in non-narcotic prescription. One reason is that they are generally prescribed in smaller quantities. Another reason is that there were few specialties among the narcotic prescriptions studied.

(5) Why is it that the cost to the pharmacist of prescriptions varies? (Pages 29 to 32.)

Tables XVI, XVII and XVIII show that this variation is due largely to the extent that a store fills or does not fill specialty type of prescriptions.

*Answers to Questions, Chapter IV:*

(1) Is there any factual data regarding the preference of physicians for official or specialty preparations? (Pages 39 to 42.)

According to the Report, both "Post-War" and "Pre-War" physicians have a preference for official remedies although "Post-War" physicians have a tendency to mix official ingredients with specialties more than "Pre-War" physicians, do.

*Answers to Questions, Chapter V:*

(1) How many different ingredients or items will be found in the average drug store? (Pages 46 and 47.)

It was found that 1186 different items were prescribed per 10,000 prescriptions in professional pharmacies and 1274 different ingredients per 10,000 prescriptions in the usual type of drug store.

(2) What proportion of the ingredients necessary to fill prescriptions are official and what proportion are specialty? (Page 46.)

Chemical ingredients amount to less than  $\frac{1}{5}$  of the total number of different ingredients, but what is more important, they are prescribed about as often as galenicals and specialties combined. Chemical ingredients have the least and specialties the greatest chance of becoming "shelf warmers."

(3) What type of ingredient, official or specialty, necessitates the pharmacist adding to his inventory? (Pages 47 and 48.)

Table XXIX of the Report shows that infrequently used ingredients were developed for a total of 2490 times in 20,000 prescriptions. When a physician wrote an item on his prescription blank, over 94 per cent of the cases, that item was one of a minority group.

(4) Does a pharmacist ever complete his prescription department stock? (Pages 51 and 52.)

This does not seem possible. A study of 20,000 prescriptions, Table XXXIII, shows that 328 different ingredients were required in filling the first 500 prescriptions. In the next 500 prescriptions, 121 new ingredients were required. Even after filling 5000 prescriptions, when the pharmacist might think he had built up a widely assorted stock of prescription ingredients, 34 new ingredients are required. With each succeeding lot of 500 prescriptions, the number of new ingredients required generally diminishes, but even in the 20th block, 10 new ingredients were

prescribed. Chemicals were minor offenders and in the emergence of new ingredients shown in Table XXXIII, had a tendency to emerge in fewer numbers in each succeeding block than either galenicals or specialties. As a matter of fact it was not necessary to purchase any new chemicals at all in the 16th and 17th blocks, and only twenty new chemicals at an average value of \$0.57 each for the 1500 prescriptions contained in the 18th, 19th and 20th blocks. On the other hand, it was necessary to purchase 62 new galenicals at an average cost of \$0.88 each, and 61 new specialties at an average cost in excess of \$1.00 each for the 2500 prescriptions contained in the last 5 blocks of prescriptions enumerated.

(5) Does any information exist regarding items in the prescription department with and without movement? (Page 53.)

The Report shows that of 1451 different items in the prescription department, 513 items (35.4 per cent of the 1451 items stocked) showed no movement of any kind during the survey year. Of these 513 items, 78 valued at \$21.00 were chemicals, 241 valued at \$131.00 were galenicals and 128 valued at \$115.00 were specialties.

*Answers to Questions, Chapter VI:*

(1) Should a pharmacist turn away prescriptions containing rare items which will probably not be called for again and which are destined to become "shelf warmers?" What percentage of prescriptions of this type call for official and specialty ingredients? (Pages 56, 57 and 58.)

It is of course desirable to keep the number of prescription items at a low figure. However, it is extremely difficult to do so and hardly compatible with professional service. In this connection one's attention is called to Table XXXV of the Report which shows that of 134 ingredients called for and not in stock, 88 or 65.7 per cent were specialties. They would have requested an investment of \$90.26 or an average investment of \$1039 or 3 cents more than the average price paid for prescriptions filled in the particular store in which this study was made.

(2) Are specialties introduced by many different manufacturers? (Page 58.)

A small number of manufacturers are responsible for a large proportion of the new specialties introduced.

(3) What is the prevailing form among specialties? (Pages 58 and 59.)

Only 30.4 per cent of recently introduced specialties are liquid, 21 per cent tablets, 13 per cent powder, 13 per cent ampuls, 7 per cent ointments, 6 per cent pills and 5 per cent capsules.

(4) Do new specialties usually enjoy a good sale? (Page 59.)

The introduction of new specialties does not necessarily mean that they will enjoy a large sale. Only 17.5 per cent of the specialties marketed in 1929, and 12.7 per cent of the specialties marketed in 1930 and 9.8 per cent of the specialties marketed in 1931 appeared in 35,000 prescriptions studied during the conduct of the National Drug Store Survey. It would thus appear that on an average only 13.4 per cent of the new proprietaries are prescribed to any extent.

(5) Are new proprietary specialties found in both professional and commercial type pharmacies? (Pages 59 to 61.)

New specialties are much more likely to be found in professional pharmacies than in the commercial type drug store. The manufacturer must therefore depend upon the professional pharmacy to a large extent when marketing a new product.

*Answers to Questions, Chapter VII:*

(1) Is there any information regarding the average content by weight or measure of proprietary specialties? (Pages 84 and 85.)

Paradoxically as it may seem, the smaller the size the specialty, the higher the cost. From the pharmacists' standpoint, this condition is unfortunate and frequently proves embarrassing in his relations to the patient who often complains at the cost—not being able to understand why such a small quantity of medicine can be so expensive.

I would like to state that along with many others, I share the opinion that many of the scientific proprietary specialty prescription products, particularly those of an organo-therapeutic and biological character are indispensable and deserving of unstinted praise and credit and represent a most valuable contribution to medicine. One must, however, pay equal tribute to official drugs and preparations and perhaps an appropriate end to this paper would be a quotation from the address of Reid Hunt, M.D., president of the United States Pharmacopoeial Convention. At the May 13, 1930 meeting, Dr. Hunt said "The plant world will doubtless still yield valuable therapeutic agents; the possibilities of the animal world are by no means exhausted, but after all there is a limit to what can be expected from these sources. But the field of synthetic organic chemistry has no limits. Already some of our most valuable drugs have come from that field. The purpose of the "United States Pharmacopoeial Convention is the promotion of medicine and pharmacy by selecting such materials as may be properly used as medicines and drugs. Therefore, any proved meritorious product, whether of vegetable or animal origin, or one of the many synthetic organic chemicals, the compounds of which run into hundreds of thousands, will in due course become 'official' and be admitted into the 'United States Pharmacopoeia,' the oldest national pharmacopoeia of a modern type in the world."

Is modern pharmacy's prescription compounding merely "pour out, count out, remove label, dispense original package?" I am not so sure about that. The National Drug Store Survey contradicts such a statement by pointing out that compounding prescriptions has not become a mere pouring out of a liquid or counting out a certain number of pills or tablets. In fact just the contrary is indicated. The survey shows that 65 per cent of the prescriptions calls for from two to ten ingredients.

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