

Some of this savings was due to the elimination of drugs with no proved therapeutic action; some of it was due to price breaks on trade named items once the major companies were forced to compete on a trade name basis, and this is very important. And some of it was due to the purchase of generic name drugs. Introduction of new useful expensive drugs changing the therapeutic habits of the house staff and some increase in patient load have combined to produce a continuing increase in overall drug costs at Grady Hospital, despite our efforts to hold them down. Reference to page II of the "Grady Formulary" will show that the yearly drug costs at the hospital have increased more or less steadily from \$308,000 in 1958 to \$738,000 in 1965. Much of this has been due to the introduction of expensive new antibiotics, including the semisynthetic penicillins, the oral antidiabetic agents, and some of the new anti-inflammatory analgesics such as Indomethacin or Indocin. These agents are clearly patented for the next 17 years and Grady Hospital pays essentially the same amount for them that the corner pharmacist pays.

It remains difficult to say exactly how much we save—because of this escalation and change in prescribing habits—by generic prescribing, bid purchasing and the formulary system at the present time, although recently installed computer techniques will give us these figures in future years; we can get an automatic feed-out of just what our savings are.

One way of estimating our savings is to compare the cost of drugs in the outpatient prescriptions at Grady Hospital with the average cost of drugs in the prescriptions of private pharmacies across the country. Between April 28 and June 2 of this year—37 days inclusive—the Grady outpatient pharmacy filled 43,100 prescriptions. The cost of the drugs used was \$48,758 for an average drug cost of \$1.14 per prescription. Similar figures for community pharmacies can be calculated from the data in Tile & Till (Vol. 53, No. 2, June 1967). Preliminary figures on community pharmacy practice from the Lilly Digest, a report on 1,234 community pharmacies surveyed in 1966, indicate an average prescription charge of \$3.56. If we subtract an average markup of 40 percent, the cost of drugs in the average prescription would be \$2.14, or nearly double the Grady average outpatient prescription cost of \$1.14. It should be noted I think, in fairness, at this time that an operation such as the one at Grady Hospital cannot be equaled by local pharmacies, or even by many very small hospital pharmacies. Grady Hospital gets some discounts for quantity purchases, does some manufacturing, very little, and we prepackage our own drugs—and all of these things are important in reducing the average Grady prescription cost to \$1.14. However, since the Grady outpatient prescription is generally for a month's supply of drugs, and the usual private pharmacy prescription is for a shorter period, I think that any minor adjustments in the figures for the drug costs in the two types of prescriptions would not significantly change the ratio. I have a suspicion it might change it in our favor.

The inescapable conclusion is that Grady Hospital, through its formulary and pharmacy practices, is saving a considerable amount of money. In addition to the savings effected, there was a noticeable increase in the quality of pharmacy services and efficiency made possible by the smaller number of items stocked. Several times the watch-