

Senator NELSON. What kind of a case were you referring to in which the patient gets a drug from a doctor and then subsequently the doctor writes a prescription and the patient then objects to the price he pays at the drugstore?

Mr. STEEVES. Frequently, in order to get—there was a case of the diuretic in which the company, as a promotion to hospitals and to dispensing physicians, would give 500 tablets free with the purchase of 500. This would be a 50-percent break.

Senator NELSON. You mean if the physician would buy 500—

Mr. STEEVES. They would get 500 free. The community pharmacist now would have to pay the list price. So the physician would be buying at a 50-percent discount.

Senator NELSON. You are not talking about the physician who has his own pharmacy?

Mr. STEEVES. No.

Senator NELSON. You are just talking about an ordinary practicing physician who buys 500 of this diuretic directly from the manufacturer and then receives 500 free, although he does not have his own pharmacy?

Mr. STEEVES. He dispenses directly from his office those drugs that he uses.

Senator NELSON. And then he charges his patients a fee for the drug?

Mr. STEEVES. It varies. Some of them charge a fee depending on the cost of the drug involved and some of them include drugs in their overall fee. This varies with dispensing physicians.

Senator NELSON. I am not talking about the case where the manufacturer supplies samples of drugs and the physician gives them away to patients without a fee. I am raising an issue that I wasn't aware of, where an individual, practicing physician who doesn't have his own pharmacy, as a matter of general practice, is offered a drug at a certain price and then is given 500 units free. Is the charging of a fee by the doctor for such drugs a common practice?

Mr. STEEVES. I think that the Subcommittee on Antitrust and Monopoly has been holding hearings on the problems of physician ownership of pharmacies and drug companies and some of the information they have developed there shows that there are companies who cater, who specialize in catering, to dispensing physicians with low-cost drugs.

Senator NELSON. I am not talking about dispensing physicians. I am talking about the ordinary physician in his office who doesn't dispense drugs at all except in a special case when a manufacturer wants to promote a drug with the doctor, and sells him 500 units and gives him 500 free. Is that a practice that occurs frequently?

Dr. APPLE. Senator, I think a physician basically is either a prescriber or dispenser, as we use that terminology. As a general rule, he prescribes all drugs and, perhaps, the only ones he actually hands to a patient are samples, in contrast to a physician who makes it a routine and regular practice of furnishing medication to the patient.

Senator NELSON. So that it is clear in the record, we are talking about a physician who dispenses the drug from his own office. The manufacturer may take this diuretic to which you referred, and sell 500 to the doctor and give him 500 free, and he is then in direct competition with the pharmacist. The doctor is honest, so he charges the same