

Dr. APPLE. I am, sir, in general, with its contents; yes.

Senator NELSON. In the Medical Letter, which I have before me, they discussed the results of tests run on 22 prednisone products plus the opinions of their consultants with respect to the drug. They also listed price differentials for this drug that ranged from \$0.59 all the way up to \$17.90. I think your \$16 is probably the latest revised price; is that what you are using?

Dr. APPLE. No; I said, "has been nearly \$18."

Senator NELSON. In the Red Book the highest price has been listed at \$17.90 for 100 tablets.

Dr. APPLE. That is right.

Senator NELSON. But the price of that drug goes all the way down to \$0.59 a hundred, and the price charged by Merck, a research-oriented corporation, is \$2.20 a hundred. So the Medical Letter shows that the 22 prednisones they tested vary in price from \$0.59 a hundred to \$17.90 a hundred, and they assert that all these products are of equivalent therapeutic value.

Do you have any explanation for this astonishing difference in price? If the argument is that those who are charging \$0.59, and \$0.75, and \$0.93, and \$0.85, and \$0.61 a hundred are not research oriented, the fact of the matter is that Merck, for example, is research oriented and they charge \$2.20 a hundred. And Upjohn is research oriented and they charge \$2.25 a hundred.

Do you have any explanation of how it is possible for the \$17.90 tablets to be sold in the retail market when there is available a brand name, even skipping the much cheaper ones, at one-eighth the cost from Upjohn, for example, and from Merck?

How is it possible in a competitive situation that although all these drugs are of equivalent value therapeutically, the one selling to the pharmacist for \$17.90 is obviously being used the most—as a matter of fact that company has a third of market in the world on Meticorten. How do you explain that at the retail level Merck isn't the one that just takes over the whole market, to take a trade-name company, or any other trade-name company selling at much lower prices? This wouldn't happen if we were talking about automobiles; it wouldn't happen if it were clothes or shoes. People look at the price differential in such products, it seems to me. How do you explain the fact that in the retail drug market the \$17.90 product keeps selling?

Dr. APPLE. Mr. Chairman, if the physician prescribes the \$17.90 drug, obviously, the pharmacist is going to have no choice but to dispense it, so I think you are going to have to look for your answer to the prescribing habits of the physician rather than the dispensing habits of the pharmacist.

But I might add that at our house-of-delegates meeting last April our committee on legislation recommended the following to the house, which was adopted:

The Committee is cognizant of the wide price discrepancies charged by some individual manufacturers for their own products where it can be assumed there is no difference in either quality or efficacy. The Committee recommends that the Association, if invited to testify at these hearings, not presume that it has the facts and information to explain these wide price differences. This is data that the individual manufacturers will have to provide themselves.