

that the public interest is not best served when prescription-drug products are promoted by brand names.

Brand names for prescription drugs are a very effective marketing tool for the manufacturer. The use of a brand name on prescription drugs permits the manufacturer to establish that name during the protected patent period and then to extend his market share far beyond the life of the patent. After a minimum of 17 years of prescribing a brand name for a given therapeutic agent, the mere expiration of the legal patent period will not overnight result in a change of prescribing patterns.

There is the cost, during the patent period, not only of developing a market for the therapeutic agent itself, but an additional cost for promoting and establishing the brand name of the drug product. This latter cost little benefits medical care. It does, however, provide a substantial benefit for the manufacturer. Through brand-name dominance in the marketplace, it is possible to perpetuate a price differential even when "generic" or other "brand" products appear on the market after the patent expires. This dominance also permits the manufacturer to practice price discrimination selectively among different purchasers—a fairly common practice.

Not only do we have trademarks for various brands of drugs, but we also have trademarks for dosage forms of drugs, such as Pulvules, Spansules, Tabloids, and other designations. One wonders what the result would be under the substitution laws if the established name of the drug were prescribed with a trademarked dosage-form designation and the pharmacist dispensed a "generic."

Competition in the pharmaceutical industry is concentrated at the prescribed level for the particular brand names on a prescription order. Brand names for prescription drugs effectively eliminate price competition in a large number of cases, whether or not the drug is patented. While we can accept and support the limited monopoly of the patent system, we cannot support the brand-markup concept for prescription drugs and its attendant consequences.

Mr. Chairman, there are subjects which every profession discusses ad infinitum. In pharmacy, one of these subjects is prescription pricing. The current discussion boils down to this: Should pharmacists use the markup system or the professional fee system?

In addition to APhA, the advocates of the fee system within pharmacy include the American College of Apothecaries and the American Society of Hospital Pharmacists. While not active advocates, members of the National Association of Chain Drug Stores favor the fee system. A recent survey of NACDS members reported in the September 18, 1967, issue of FDC Reports, "The Pink Sheet" revealed that:

52 percent of the members replying to an NACDS questionnaire favored pricing pegged to cost plus a fixed fee, and 23 percent favored cost plus a flexible fee.

While we do not think that the Pharmaceutical Manufacturers Association or individual companies should tell pharmacists what to charge for their dispensing services, publicly and privately most of the industry is actively opposing the professional fee for pharmacists.

Spokesmen for the drug firms say they oppose the professional fee because they fear pharmacists will lose interest in brand names if their