such as Achromycin and Terramycin, dropped dramatically; but most drugs remained unchanged and the remainder rose in price. For the consumer to experience the price decline indicated by the CPI behavior, the drugs ordered for him would have been from a narrow list and not at all typical of the market as a whole.

The Consumer Price Index for drugs has been under close scrutiny and subsequent revision a number of times throughout the lifetime of the Index. During the period 1935–March 1960, the Index was based on first two, and later three relatively simple compounds. Over the entire period, the prices of these prescriptions advanced 77 percent while the overall Consumer Price Index showed a rise of 114 percent.

The Bureau of Labor Statistics came to realize that the original list of drugs was no longer adequate to represent the type and kind of prescriptions consumers purchase. The Bureau then embraced the concept of therapeutic categories under which a number of prescriptions could be priced. Beginning in April 1960, prices were collected for a new list of 13 drugs sold on prescription within the seven end-use categories. After 9 months of pricing prescriptions under the new procedures, indexes of prices for the three old prescriptions and the 13 new prescriptions were computed. The Index, based on the revised list, was 2.4 percent lower than it would have been if just the previous three items had been continued.

In 1964, the Consumer Price Index was again revised to include 14 prescription drugs and a new sampling technique was instituted. The Index continued to show a decline.

In March 1967, the sample for prescription drugs was once again revised to include nine instead of seven end-use categories with no change in the number of drugs priced. The antiarthritic group has been dropped while internal analgesic, anti-obesity and hormone categories have been added. Even so, the CPI for June 1967 shows an overall decline of 1.2 percent from the March Index—a much greater percentage than for any three month period in 1966 under the prior sample.

Unlike the drugs in the top 200 list, only two drugs in the Consumer Price Index since 1964 were introduced after 1957 (table 3b).

Generic prescriptions are used to price the Consumer Price Index even though more than 90 percent of the prescriptions which consumers purchase are trade name drugs. Six of the 14 drugs in the CPI 1964–1966 were among the top 12 generic products in 1965 and five others could be purchased generically. The three remaining drugs in the Consumer Price Index are available from only one manufacturer because their patent rights are still in effect even though the prescription order specifies the generic name. Only one drug in the Consumer Price Index had an increase in its wholesale price. Pencillin G, tetracycline, and prednisone all had dramatic decreases.

CHANGES IN DRUG PATTERNS AS AN EXPLANATION OF PRICE MOVEMENT

Since the Consumer Price Index for prescribed drugs is necessarily altered so slowly to reflect newer drugs, we decided to examine how much alteration there had been in the pattern of the 200 "best-sellers". Comparison of the 1962 and 1965 drug lists indicates that 31 drugs were dropouts and 31 drugs were replacements. The terms "dropouts" and "replacements" are not intended to imply that the new drugs in the listings were substituted therapeutically for those dropped. Two thirds of the replacements were recent drugs introduced between 1963 and 1965. A comparison of the prices of the replacements with the prices of the dropouts indicates an overall upward trend in expenditures associated with changes in utilization for prescription drugs.

The analysis of dropouts and replacements by therapeutic categories reveals 28 pattern changes in utilization of drugs. The greatest number of replacements occurred in the hormonal category with seven oral contraceptives and one thyroid preparation added (table 5). There were no dropouts in the hormonal class. On the other hand, no replacements occurred for the five anti-spasmodic dropouts and for the one dropout in each of the antihistamine, dermatologic, and oxytoxic categories. The categories with the greatest amount of activity are: anti-infectives, cough and cold preparations, and cardiovasculars. It is interesting to note that three of the cardiovascular and one of the cough and cold replacements had been on the market prior to 1961.

The analysis of price by therapeutic category shows that the replacement drugs generally cost more than their predecessors in popularity for the same