There is no competition in the marketplace; that is why the price did not drop. In other words, once the drug has 17 years of patent protection behind it and the doctors in the country know only that particular drug, they continue to prescribe it despite the fact that in the marketplace there may be a comparable drug for a half, a fifth, a 10th, or even a 20th of the price, which indicates something peculiar about the pricing structure.

I will give you an example and ask you to comment on it as an economist. I have used this one before. I have here an issue of the Medical Letter, which all the industry and all the distinguished physicians in this country accept as a very fine publication. The Medical Letter studied the case of prednisone. The original patent on prednisone was held by Schering, which called its product Meticorten, and as of the time of this publication, June 2, 1967, Meticorten was selling for $17.90 for 100 tablets. Merck was in the marketplace at $2.20 a hundred, Upjohn at $2.25, Wolins Pharmacal at 59 cents, versus $17.90, and several others were selling the drug—some at $1.84, $1.75. The Medical Letter concluded that the great price spread among the tablets purchased from different pharmaceutical companies suggests the desirability of prescribing by generic name, and the Medical Letter urges, at least for persons of limited means, that the prescription be filled with low-priced generic tablets.

So, do you not have the case here where once the name gets established, the company can continue to hold its share of the marketplace despite the fact that there are competing drugs available at a fraction of the cost and the same quality?

Dr. FIRESTONE. I am not technically qualified to comment on the relative merits of Meticorten versus other forms of prednisone.

Senator NELSON. I just gave you that as an example.

Dr. FIRESTONE. Yes; but as an economist I cannot answer that for you.

Senator NELSON. As an economist, how would you answer the fact that here is a medical publication listing 22 drugs they say are of equivalent value. They range in price from 59 cents a hundred to $17.90 a hundred and still a substantial proportion of the market is held by the drug selling for $17.90.

Dr. FIRESTONE. Apparently, for some reason, physicians did not agree with that Medical Letter.

Mr. CUTLER. Senator, I cannot help but suggest that as the testimony before your committee shows, Schering's share in this corticosteroid market is down considerably and secondly, prednisone happens to be one of the six or seven drugs that Dr. Lloyd Miller of the USP has informed you in writing on November 29, is a drug which has been found to have differing therapeutic effect in different product forms, even though all of them meet USP standards.

Senator NELSON. Not in the case of 22 companies that are manufacturing prednisone according to the Medical Letter of June 2.

Mr. CUTLER. That I do not know and I do not believe Dr. Miller's letter gives the source of his figures on prednisone.

Senator NELSON. Well, all I am saying is that here are 22 of them and they vary in price from 59 cents to $17.90.