

1710 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

When the drug products had been classified by their patent status, patented products showed a decline of 24.8 percent (through 1966) while the non-patented products had risen by 1.1 percent in this same period. Apparently, the products with no patent protection show little price change, and such price change that occurred has been in an upward direction. At the same time, contrary to expectation, the existence of a patent has not operated against price declines. (See Table III and Chart II, following pages.)

The National Disease and Therapeutic Index, a market analysis compiled by Lea Associates of Ambler, Pennsylvania shows among other data the distribution of prescriptions for products by age group. One of these age groups is the "60 and over" category, and these data are available back to 1959. An index of wholesale drug prices for this age group was constructed, with 1959 as a base (equal to 100), and the total drug index was compared with this. The results are shown in the Table IV:

TABLE IV.—PMA INDEX OF WHOLESALE PRICES OF ETHICAL PHARMACEUTICALS, 1959-66
[1959=100]

Year	Total index	Over 60 index	Year	Total index	Over 60 index
1959.....	100.0	100.0	1963.....	92.9	95.8
1960.....	99.6	99.6	1964.....	92.7	96.7
1961.....	96.7	97.3	1965.....	93.0	96.6
1962.....	93.9	95.9	1966.....	92.6	96.5

An important reason for the difference in the decline of the two indexes is that oral contraceptives, which have shown a marked decline, are not included in the "over 60" index.

RETAIL PRICE INDEX

BLS medical care component of the CPI

Medical care represents nearly 6 percent of the expenditures of wage earners and clerical workers. Only 0.6 percent of the expenditures are on prescriptions. Professional services of doctors, dentists, optometrists and nurses, hospital supplies and nursing home services, health insurance and over-the-counter drugs and sundries account for the remainder, and in all, are nearly ten times as great as expenditures for prescriptions.

TABLE III.—WHOLESALE PRICE INDEXES OF ETHICAL PHARMACEUTICALS (PMA) AND CONSUMER NONDURABLE GOODS OTHER THAN FOOD (BLS) 1949-66

[1949=100]

Year	Ethical pharmaceuticals			Consumer non-durable goods other than food
	Patented	Nonpatented	All	
1949.....	100.0	100.0	100.0	100.0
1950.....	92.1	100.1	95.9	101.6
1951.....	92.2	100.7	96.2	109.4
1952.....	85.4	99.8	93.0	106.7
1953.....	84.9	100.0	93.0	107.7
1954.....	82.7	100.6	91.8	108.0
1955.....	82.3	100.8	91.4	108.6
1956.....	82.6	100.9	91.4	110.8
1957.....	83.8	102.7	92.7	113.3
1958.....	84.0	103.6	93.0	112.6
1959.....	83.6	103.5	92.7	114.3
1960.....	83.4	100.8	92.4	115.1
1961.....	79.8	98.7	89.7	115.1
1962.....	77.1	98.2	87.1	115.2
1963.....	76.1	98.1	86.2	115.5
1964.....	75.6	99.1	86.0	115.2
1965.....	75.6	101.2	86.2	116.6
1966.....	75.2	101.1	85.9	118.8