

health care possible among different socioeconomic groups, prescribing patterns of all the area's practitioners, and the incidence of chronic and acute illness. Any emphasis on particular products or classes of products to meet demands occasioned by these variables will have a direct and immediate effect upon all those charges as well as the average charge for any representative sample of prescriptions.

To understand better the effects of prescription mix on average charges, look at the following series of hypothetical examples that have been developed and analyzed to illustrate the mix (Table 1). Five products are structured into this example. They could be similar, competing products or different, noncompeting products.

For purposes of analysis of both prices and market fluctuations, all products are assumed to be manufactured specialties prescribed and used to treat similar or identical conditions. Each product is produced and distributed by a different company. The addition of a product indicates its introduction into the market as a new drug at the beginning of the year first shown.

Table 1 details specific data for five years as they might be found in the records of a representative pharmacy. A few significant changes will be noted here without any suggestion of the reasons for which the changes occurred. During the period, four products were reduced in price by 5 to 37 percent, yet no similar direct effect was exerted on the average charge. Contrast this with the many instances in which public references to prescription charges state or imply that drug prices or prescription prices are increasing because the average prescription charge is increasing from year to year!

TABLE 1.—THE EFFECT OF PRESCRIPTION MIX ON THE AVERAGE CHARGE

Year	Product	Price/unit dosage form	No. of prescriptions dispensed	Average No. of units/prescriptions	Total prescription revenue	Average charge
1.....	A	\$.05	1,000	30	\$1,500	-----
	B	.15	100	20	300	-----
			1,100	125	1,800	\$1.64
2.....	A	.05	500	30	750	-----
	B	.15	500	20	1,500	-----
	C	.30	500	10	1,500	-----
			1,500	120	3,750	2.50
3.....	A	.05	250	30	375	-----
	B	.12	600	20	1,440	-----
	C	.30	500	20	3,000	-----
	D	.20	350	10	700	-----
			1,700	120	5,515	3.24
4.....	A	.04	250	20	200	-----
	B	.12	600	10	720	-----
	C	.30	500	20	3,000	-----
	D	.20	350	30	2,100	-----
			1,700	120	6,020	3.54
5.....	A	.04	200	20	160	-----
	B	.11	550	10	605	-----
	C	.19	600	30	3,420	-----
	D	.19	300	30	1,710	-----
	E	.08	150	40	480	-----
			1,800	126	6,375	3.54

¹ The averages given for average No. of units/prescriptions are raw averages not weighted for prescription frequencies.

As more products in any class become available, the total number prescribed increases, but more significance is found in the effect of the shifts of each product's numbers. The great number of product A in year 1 kept the average charge quite close to the \$1.50 treatment cost even though 100 patients paid \$3.00 for treatment with product B.

In each year, the total number dispensed had a different effect upon the average charge by affecting individual market shares and volume shares. As the reader