

can see, these effects are not directly noticeable in the value of the year's average charge.

The average number of units dispensed per order also moved down for some products and up for others with no apparent or predictable pattern. Although it is obvious that increases and decreases in the number dispensed will affect the individual prescription charges directly, nothing here indicates that a change in the average charge will clearly reflect such changes within the sample being studied.

Total volume per product accurately describes that product's dollar share of the total revenue from all products. It is neither static nor absolutely predictable for any given period of time. It depends entirely on the three factors which combine to establish individual charges, the sum of which make up the total for each product. In the data given, one product decreases in volume share each successive year, and one increases each year. Two products increase and then decrease. However, because the average charge is determined by using the total revenue from all products, there is no way for it to represent or measure any of these changes. In fact, the average charge for year 5 is the same as that for year 4, even though significant changes occurred within each of the factors and affected its ultimate value.

Average prescription charges have been determined for every imaginable sample of prescription performance for decades. They have been reported religiously by every publication concerned with the economic status of the practice of pharmacy. They vary every year from report to report by as much as 10 to 20 percent. Characteristically, they have been increasing every year. They are quoted by all manner of personages in pharmacy, government, consumer groups, and the press to prove or disprove many opinions and concepts, including the biases and misunderstandings of those persons who are using an average charge out of context.

The sample truth is that the "average prescription charge" is one of the most overused and least significant ratios of performance in American pharmacy. It is affected by everything, but it affects nothing. It is taken to indicate changes in pharmacy's economic facts, but in and of itself it is not capable of reflecting, measuring, or predicting any of these changes. What, then, is an average prescription charge? *An average prescription charge is a ratio of the total revenue obtained from a specific number of prescriptions to that number of prescriptions, reduced to a relative value per prescription and expressed in dollars and cents.* It is nothing more and nothing less.

Prescription charges versus price indicators

The following list will serve to summarize the concepts most commonly referred to in discussions of prescription economics. It summarizes also, in the order of presentation, the basic points made in the first part of this analysis. Specifically, an average prescription charge is not:

1. The price of any particular product dispensed or sold.
2. A charge for any professional service rendered.
3. An indicator of drug prices or trends in drug prices.
4. An average of all patient treatment costs.

Product price

An average prescription charge (or price) cannot be the price of commodities dispensed on prescription. Although the products, as commodities in trade, may be priced individually per bottle or per dosage-form unit, such prices are not based on the total value of any of the prescriptions dispensed. The "retail price" for each order dispensed will depend on the price per unit and the number of units involved, with consideration of breaking bulk, special quantity discounts, and certain other exceptions to basic pricing policies and procedures. It also will depend on whether the product is prefabricated or compounded. Another factor is the submersion of any product "price," other than that of the drug dispensed, in the value of the total package of goods and services received by the patient. A simple example is the added cost of a container when the manufacturers' original container is not used.

Service charge

An average charge is not a charge for any of the services rendered in connection with the compounding and/or dispensing of an order. In some cases, a simple service package, properly labeled, is sufficient. In other cases, a pharmacist may have to expend much professional effort and time to satisfy the patient's needs.