

The charge for each prescription may be varied to reflect the effort involved. It may be included in a single markup or a fee added to the product price. Or it may be ignored entirely for certain persons who cannot afford to pay for prescription service but require it to sustain their normal health.

The charge for a prescription includes the value of the total product dispensed—that is, the price of the commodity plus the charge for the services rendered. In some cases, these can be distinguished easily; in others, they are inseparably intertwined. Therefore, it is impossible to show that an average charge is an average for either factor or for both together. It is clearly and irrefutably definable, but the value of any single unit or groups of units that comprise the average prescription charge actually remains indefinite until separated from the total array of prescription charges being analyzed. For this reason, the average is not and cannot be a price or a charge for anything.

This fact must be emphasized because too often, in the press and in personal statements, references are made erroneously to the "average price of drugs" in a particular year or to the "average charge for a prescription in 1966." Then, if the 1966 average is greater than that for 1965, the generalization is made that prices of drugs or charges for prescriptions increased in 1966 over 1965 charges. Such a generalization is false as well as misleading, and it cannot logically be made from the two consecutive averages. Nor can it be made from the data from which the averages were determined without a meticulous analysis of intragroup items that would hold size, quantity, dosage forms, and services involved constant, in order to measure comparable units.

Drug prices

An analysis of drug products sold over a number of years will bring out specific facts about the prices of pharmaceuticals at various levels in the channels of distribution. It will show that prices of many products have been reduced significantly, that other prices have necessarily been increased when costs of production and/or distribution rose as a natural consequence of economic conditions, and that still others have remained constant for long periods of time even though general conditions may have caused significant price increases for other commodities and services.

An analysis of the average prescription charge over the past twenty-three years indicates a consistent but variable rate of increase dollarwise and percentage-wise. Table 2 shows the annual increases in cents and percentages, as reported each year in the *Lilly Digest* from the 1944 average of \$1.10 to the 1966 average of \$3.59. These are averages based on the total sample.

TABLE 2.—ANNUAL INCREASES IN AVERAGE PRESCRIPTION CHARGES

Year	Average charge	Dollar increase	Percent of increase ¹	Year	Average charge	Dollar increase	Percent of increase ¹
1944	\$1.10			1956	2.62	.16	6
1945	1.20	\$.10	9	1957	2.85	.23	9
1946	1.33	.13	10	1958	2.96	.11	4
1947	1.41	.08	6	1959	3.09	.13	4
1948	1.51	.10	7	1960	3.19	.10	3
1949	1.60	.09	6	1961	3.25	.06	2
1950	1.77	.17	10	1962	3.32	.07	2
1951	1.90	.13	7	1963	3.39	.07	2
1952	2.08	.18	9	1964	3.41	.02	1
1953	2.19	.11	5	1965	3.48	.07	2
1954	2.27	.08	3	1966	3.59	.11	3
1955	2.46	.19	8				

¹ Percentages are rounded at the first whole number value.

The annual increases in the average charge range from \$.02 to \$.23 and from 1 to 10 percent. No definite pattern is evident, except for some apparent stability in the last seven years at about 2 percent. Successive eleven-year comparisons provide increases as follows: 1944–1954=115 percent; 1950–1960=80 percent; 1953–1963=55 percent; 1955–1966=46 percent. The total increase from 1944 to 1966 is 226 percent.

Taken at face value, these percentages offer erroneous evidence of the relative movements of drug prices. Actually, the movements are not measurable by these data. During this period of twenty-three years, drug products have changed progressively in form. A substantial number of medications that formerly were