

Without scientific exhibits, published reports and reprints the benefits of a new drug could possibly take years before it reached the members of the medical profession, and also their patients.

If the generic firms provided these services there would be little difference in prices between the generic drugs and the proprietary drugs.

Senator NELSON. May I interrupt a moment? I raise the question again of how you can assert that with confidence? If so, how can you explain that Schering can sell its drugs for \$1.20 a hundred to New York City and sell it for \$4.25 a hundred in Berne, Switzerland, but stayed in the marketplace until after these hearings at \$17.90 a hundred? Why were they not selling it here at less than the price at which they were selling it in Berne, Switzerland. You say they have to have these prices in order to do all these services. Why do they not have to have that price when they sell to New York City, Defense Supply, or Berne, Switzerland?

Dr. ALFANO. As I said before, I cannot explain these extremes. I am talking about the average, the usual that is going on in medicine, not specifically isolated types of examples or a handful or whatever number of examples are available. This does not occur throughout the entire industry.

Senator NELSON. Every single brand name drug that was patented has the same time—17 years. Every company sells it cheaper to New York City by far, than they do in the marketplace.

Dr. ALFANO. What I am saying is, there is a difference. The cost is increased by these services. I am not trying to justify an extreme cost by these particular types of services. These services are provided by the ethical pharmaceutical firms and not provided by the generic firms.

Senator NELSON. But this is continually asserted by the manufacturers as the reason for their prices. All I point out is they get a patent. That is the only protection they are entitled to. Nobody else in America who gets anything patented is able to stay in the retail marketplace once the patent runs out at an exorbitantly high price. For example, you have invented a new lawnmower, you are selling it at a high price because the patent has been in effect and it is a good lawnmower. Then the patent runs out. You can't get by in the marketplace selling it in competition with other lawnmowers, because the consumer can make a judgment that another one is just as good at a cheaper price. But the consumer cannot make the same judgment on drugs. The drug companies know he cannot. The purchaser for New York City or the Defense Supply Agency, or the Veterans' Administration, that buyer can make the judgment and he does. And the drug company dramatically drops its price.

So on the same day they are charging 30 times as much to the pharmacist, they are offering it for one-thirtieth as much because they know they have to compete with other brand names and the generics. In the retail marketplace, however, the buyer is not qualified to make any distinction at all. The doctor writes a brand name. He prescribes and the buyer, the patient, pays.

These great discrepancies apply to all the drugs that I have looked at. Everybody comes in with the assertion that they have to have this price because they do all these services, but nobody ever explains how