

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12353

This competition is enhanced, in our opinion, when prescribers are price conscious. Over the years, physicians have become increasingly aware of prices, and more and more are taking prices into account in their prescribing decisions. This phenomenon has been reflected in downward price trends in important categories of drugs (e.g., broad spectrum antibiotics, steroid hormones, tranquilizers). Nonetheless, PMA believes that physician awareness of drug prices can be improved. We believe that further cost savings can be achieved if physicians are provided with additional relevant price information on a regular basis. This will result not only in direct savings to the government in programs such as Medicare and Medicaid but also in savings to consumers generally. Accordingly, we propose that the Department take steps along the following lines:

(a) Retail Prices -- Retail prices for commonly prescribed products should be organized and disseminated to physicians in whatever form is deemed best to provide practical information in each geographic area. While it would not be feasible to provide physicians with price information from every pharmacy and hospital, it would be meaningful, for example, to provide the average retail price for commonly prescribed drugs from various suppliers in a given locale or region as available from independent auditing firms.

(b) Manufacturers' Prices -- In addition, manufacturers' prices for commonly prescribed products should be disseminated. The most meaningful information would also be that provided by independent auditing firms.

Manufacturer and retail price information described above could be disseminated in a number of ways -- either directly by HEW, through county medical societies, or in such publications as state and local