Survey reveals generics cheaper

By Karen Winstead and Linda Biggs

Students in IDS 401, The Drugged Society, conducted a survey of Greensboro pharmacies as part of a class project to compare prices of generic and brand name drugs. The study was undertaken to determine if there is a pattern in drug pricing (specifically if generic drugs are cheaper than brand name products), to examine the arguments concerning generic substitution, and to find out how doctors and pharmacists view the new generic substitution law.

On June 8, 1979 House Bill 818, an act to provide drug product selection by pharmacists, was ratified by the North Carolina state legislature, effective January 1, 1980. This new law allows a pharmacist to substitute a "drug product which has the same established name, active ingredient, strength, quantity, and dosage form and which is therapeutically equivalent" (a generic) for the drug product identified in the prescription (usually a brand name).

This law also stipulates that a physician may deny generic selection at his own discretion. On the bottom of the new prescription forms are two signature lines, one stamped "dispense as written", the other "product selection permitted". This allows the physician to instruct the pharmacist as to what type drug should be prescribed.

If he/she signs for product selection, then the pharmacist may substitute a generic, if its price to the purchaser will be less than that of the brand name.

To conduct the survey, pharmacies in the city of Greensboro were selected according to economic area. Two pharmacies were chosen to represent each of the following income areas: low, low/middle, middle, high/middle, and high. This was done to compare drug prices in different parts of the city and to try to eliminate any bias that might be attributed to choice of pharmacy.

The pharmacies were both chain-operated and independently-owned.

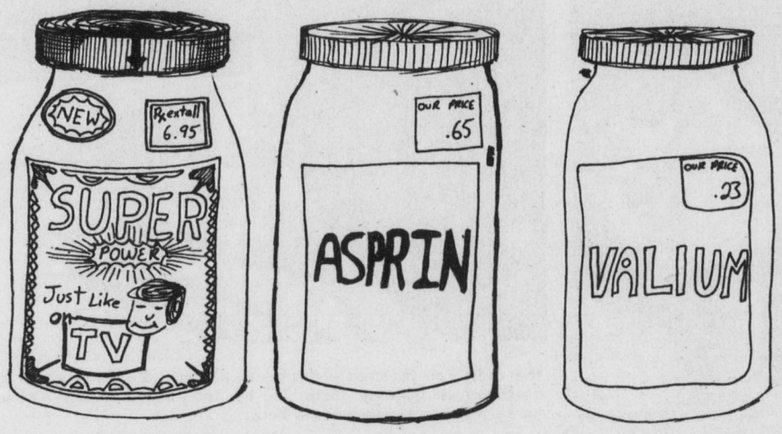
Each of the eight surveyors was given a brand name drug and its generic equivalent, along with the names and telephone numbers of the ten pharmacies to be called. During the week of January 20, the surveyors telephoned each pharmacy on their list and asked the price of their particular drug. They did not tell the pharmacists that they were taking a survey because they believed that information would be more freely given if pharmacists were not informed of our study.

In spite of this, responses varied from pharmacist to pharmacist. Some were reluctant or refused to give prices over the phone; some demanded to know who was requesting the information; others said they did not stock generic equivalents.

However, because of the number of drugs and pharmacies investigated in the survey, they were able to collect enough information to support the conclusion that generic substitutes can indeed save the customer money.

In addition to the survey, the surveyors interviewed doctors and pharmacists to get an inside look at the subject of generic versus brand name drugs. They found out that three out of four of the persons interviewed were in favor of generic substitution. The one who was against using generics "in general" expressed concern over their safety and therapeutic effectiveness.

This comes as no surprise when one considers that certain large drug companies have been known to use scare tactics to keep doctors and pharmacists from requesting generics instead of brand name drugs. For example, some large drug firms are focusing on a few isolated cases in which generics have been found to be inferior to the brand name drugs. These same drug companies have also tried to convince the public that generics are not safe or effective and that the generics drugs are not manufactured by reliable pharmaceutical houses.



The fact is that the same company will often manufacture both the generic and its brand name equivalent, or it may manufacture a drug and sell it to different companies which then market it under different names. In any case, almost all studies have shown that generics are equivalent to brand name drugs. In fact, many of the top experts in the pharmaceutical and medical fields support the use of generic drugs.

Not only are generics equivalent to brand name drugs; their use can mean a 35-50% saving to the customer. Many generics are maintenance drugs that people with, for example, heart conditions and blood pressure problems take for extended periods of time. For these people, the savings could be as high as 50%. Furthermore, since generics are less expensive than brand name products at wholesale, a pharmacist can purchase them at a lower cost, thereby reducing his/her inventory and passing the savings on to the customer.

The pharmacist would be guaranteed a profit because of the way prescription price is calculated. There are basically two ways a pharmacist can determine price. One is by adding a fixed service; another is by adding a percentage of the wholesale price.

Why then are some physicians and pharmacists reluctant to administer the generic instead of the brand name? In one interview, a student was told that the pharmaceutical industry spends huge amounts of money promoting and advertising brand name drugs by dispensing throughout the country, and by employing sales representatives.

Several of the pharmacists interviewed mentioned undocumented cases in which some drug firms will reimburse a doctor or pharmacist for prescribing or buying their brand name drugs. In addition, some pharmacists and doctors have invested their money in drug company stocks and are more than willing to prescribe the brand name drugs of that particular firm.

The new generic substitution law was designed to help the consumer save money, but is this guaranteed to happen? Certain deficiencies in the law and in the new prescription forms could actually inhibit substitution.

First, the law does not provide for a formulary. A formulary lists drugs by their generic or chemical names, and all of their therapeutically equivalent brand name counterparts. A formulary of the most commonly prescribed drugs should be available to every doctor and pharmacist in the state to use as a guide for decisions on drug prescription. With this constant reminder of which drugs may be interchanged, both the physician and the pharmacist would be more inclined to try the often "forgotten" generic.

Second, a price list of the 100 or 150 most often prescribed drugs should be prominently displayed in each pharmacy to inform the customer that there are differences in drug prices. If there is any doubt in the mind of the customer as to a generic's effectiveness, he/she could, of course, ask the pharmacist (who would then consult the formulary).

The most significant fault with the law as it stands lies in the design of the prescription form. The form has two signature blanks, one which permits substitution and one that specifies a particular drug and only that drug. The problem is that the "dispense as written" line is on the right side of the form. This is also the side where old single line prescription form was signed.

Force of habit could lead a majority of physicians to sign automatically on the right. Furthermore, a 1977 study has shown that when given a choice, a doctor will prescribe the brand name drug 78% of the time. Another study revealed that brand names were dispensed 3.6% of the time when a single line form was used.

America has come a long way since the 1950s when anti-substitution laws were enacted to protect the public against poorly tested drugs and shoddy manufacturing practices. Drugs are now tested rigorously before marketing to ensure their purity and effectiveness.

A customer can purchase a generic drug with the same peace of mind that he/she has when buying the more expensive brand name product. But, if the test of time shows that in North Carolina the proportion of prescription drugs sold are still overwhelmingly brand names, then it will be necessary for the informed consumer to demand these changes in the law for the sake of the unwary purchaser.

The students who conducted this survey (Mike Tornell, Clarice Stadler, Karen Winstead, Marty Block, Keith Lohmann, Malcolm Oliver, Keith Green, and Linda Biggs) would like to express their gratitude to the North Carolina Public Research Interest Group for supplying background information.

STORE NAME	Equanil 1a.	Meprobromate 1b.	Darvon 2a.	Dolene 2b.	Deltasone 3a.	Prednisone 3b.	Quinamm 4a.	Quinine Sulfate 4b.	INCOME LEVEL
White Oak Drug Company	$8.00	$3.00	$4.95	$3.50	$2.49	$2.49	$10.25	$7.50	Low
Fairview Pharmacy	$13.00	$6.50	$5.75	$4.55	$3.25	$3.25	$10.25	$7.20	Low
Coliseum Home Drug Store	$10.50	$3.75	$5.50	$3.50	$4.25	$2.85	$9.50	NGS	Low-middle
Bessemer Pharmacy	-------	$3.85	$6.30	$4.70	$5.30	------	$12.15	$8.07	Low-middle
Buchanan's Drug Store	$11.30	$9.00	$6.00	$3.00	$3.00	$2.60	$11.30	$7.20	Middle
K-Mart Discount Store	$9.90	$2.40	$3.50	$4.00	$2.60	DNP	$9.75	NGS	Middle
Country Park Pharmacy	$8.85	$4.85	$5.40	$4.25	$3.95	$3.15	$9.80	NGS	Upper-middle
Edmond's (Friendly Rd.)	$11.45	$5.00	$6.55	$4.40	$3.60	------	$10.00	NGS	Upper-middle
Eckerd's (Friendly Ctr.)	$9.00	$3.00	$5.60	$2.74	$2.68	$2.29	$10.49	NGS	High
Revco/Guilford College Drug Store (Guilford College)	$9.18	$3.84	$4.49	$2.59	$2.75	$2.75	$9.83	NGS	High
AVERAGE	$10.13	$4.52	$5.40	$3.72	$3.39	$2.77	$10.33	$7.49	

Key: NGS -- does not stock generic substitute; a = brand name drug; b = generic drug
DNP -- does not price over the telephone ------price not given

Interpretation: Drug stores located in high income level areas of Greensboro sold generic drugs for the least amount, while drug stores in the low-middle and low level areas of income sold generic drugs at higher prices. Brand name drugs were the least expensive at drug stores located in the middle income areas and were the most expensive in low-middle income areas. Overall, the price of both generic and brand name drugs was the most expensive in the low and low-middle income areas and the least expensive in the high and middle income levels.