

influencing this change will be: (1) the ratio of population per pharmacy has increased; (2) More prescriptions dispensed (e.g., higher utilization) and the average prescription price has increased (see table below); (3) Traditional, non-prescription sales are now shared more with other outlets such as super-markets, thus proportionately lowering the gross sales of retail pharmacies; (4) Greater urban population with resultant urban convenience and accessibility to pharmacies and other health care facilities; (5) More health dollars available as a consequence of various health insurance schemes; (6) Generally improved standard of living and health and the desire to maintain same.

#### PRESCRIPTION COST/UTILIZATION

1961 = 100

Year	Price	Utilization
1961 .....	100.0	100.0
1962 .....	100.1	104.9
1963 .....	101.9	115.1
1964 .....	105.9	121.4
1965 .....	107.6	142.9

#### *Prescribed Drugs: Prices and Expenses*

7.1 A prescription is not an ordinary item of commerce or trade, nor is it a merchandising commodity.

7.2 An Association-sponsored study (appended to this presentation) of 233,000 prescriptions (November 8-21, 1964) showed that 25 per cent were dispensed at a loss below an average break-even cost of \$1.93. It showed, too, that 84.3 per cent of all prescriptions were dispensed at less than \$5.00, while 1.4 per cent were over \$10.00.

7.3 This Study showed the average price (involving a sample of less than 1/2 per cent of yearly volume) during that period as \$3.47, with 50 per cent of this being the cost of the tangible commodity as purchased from manufacturers and distributors. During that year, retail pharmacists dispensed prescriptions valued at \$171,000,000 with ingredients used solely in those prescriptions being, presumably, \$85.5 million and the balance representing the cost of procuring local services to provide needed drugs to the community.

7.4 Time-motion studies, extremely expensive undertakings, have not been conducted and we do not believe that there are sufficient published statistics to provide a factual, national average breakdown related to prescription transactions in isolation from the total operation of a retail pharmacy—nor, possibly, would it be practical to do so either relative to the prescription ingredients or the local dispensing of them.

7.5 It can be realistically assumed, however, that the pharmacy having a 42.9 per cent prescription volume probably gained a substantial portion of the balance of its \$129,500 gross revenue from items which, by their nature, are necessarily and/or legislatively restricted to pharmacy-only distribution, prescription accessories and related items. These constitute a comprehensive, total