

EDITORIAL

Eliminate the Middleman

Here is a cost-cutting method to bring down health-care costs. Several of the major pharmaceutical companies have acquired distribution companies that control access to prescription medications for an estimated 99 million patients. These companies provide medications to patients, hospitals, and managed-care organizations.

The pharmaceutical companies pay pharmacists to coerce physicians to preferentially prescribe their own products. The scheme works like this. The prescription-drug company contracts with pharmacists and pays them a fee to convince patients and doctors to switch to their own brand of drugs. When the pharmacist receives a prescription for a competitor's drug, he or she informs the patient or calls the doctor and tells him or her that the patient can save money by switching to another drug. The parent company pays a percentage of the price of the drug, called a rebate, to pharmacists who preferentially dispense their drug. It also pays a set fee for reviewing a patient's prescription records and counseling the patient and an additional fee if the counseling results in a new prescription and another fee for each additional prescription.

You've all gotten telephone calls in the middle of your busy office hours from your friendly, devoted pharmacist (it's his full-time job to call you) who asks you if you would mind switching the prescription you just wrote to a "generic or cheaper brand." It's just as good, and it will save the patient money," he says. Everybody wins. The patient gets a cheaper price, the pharmaceutical company gets more business, the pharmacist gets more money, and you get the pleasure of a friendly, caring voice at the other end of the telephone. But is it ethical to switch? Is the medication as good?

Not to worry. A spokesperson for one of the pharmaceutical companies reassured the press that they would never permit a product to be prescribed over another medicine if it was not better. In the interest of accuracy in journalism, I wrote to that spokesperson and requested a comprehensive list of all the products that were inferior to those of their competitors. I still await a reply.

"But it's OK," says the spokesperson, "something has to be done to restore profits. The industry is getting murdered." That means that the company isn't making as much money as it would like to. I can identify with that, because I don't make as much money as I'd like to either. This all transpired in 1994. Since then, most pharmaceutical stocks have at least doubled in price.

So here's my solution, which will not only save millions of health-care dollars but will also boost the after-tax income of physicians. Eliminate the middleman; bribe the physician directly. My plan would work like this. The pharmaceutical company would contract directly with the physician. The physician would receive a fee (bribe) for each prescription that he or she writes (and the poor pharmacist would have to earn

his or her income once again by being a pharmacist). Of course there would probably be intense competition among pharmaceutical companies to bribe the physicians. This might drive up physicians' incomes too much, but this can be easily adjusted by HCFA—they can simply lower Medicare reimbursement rates to physicians.

Moreover, if pharmaceutical companies bribe the physicians directly, they could cut their costs considerably because not only would the pharmacists' bribes be eliminated, but all advertising could be eliminated as well. And the beauty of my plan is that it won't in any way impair the quality of our health-care system, because the pharmaceutical industry will "in no case . . . ever permit a . . . product to be prescribed over another medicine if it is not better."

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