

Pricing of Prescription

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Pricing of Prescription

- Fair and equitable profit
- Uniform and consistent method
- Charge includes cover
 - the cost of ingredients,
 - container and label,
 - time of the involved pharmacists and auxiliary personal,
 - the cost of inventory maintenance
 - other personal costs
 - reasonable margin of profit.

Cont...

1. % Mark up : Cost of ingredients + (cost of ingredients* % mark up) = dispensing price.
2. % markup + minimum Fee : Cost of ingredients + (cost of ingredients* % mark up) + minimum fee (container, label, overhead and professional services) = dispensing price
3. Professional Fee : Cost of ingredients + Professional Fee = dispensing price. (dispensing cost and professional remuneration)
 - True professional fee is independent of the cost of ingredient.
 - Variable or sliding professional fee

% Mark up

- The desired % mark up is taken of the cost of ingredients and to the cost of ingredients to obtain the dispensing price.
- For eg : if the cost of ingredients is Rs 250Rs. And 80% mark up on the cost.
 - $250 * 80 / 100 = 200$
 - $250 + 200 = 450$
- % mark up varied depending upon cost of ingredients.
- Lower the % mark up generally utilised for prescription items of higher cost
- Higher the % mark up generally utilised for prescription items of lower cost
- Price consistently chain pharmacy
- Changes are updated as per changes in cost of ingredients or in % mark up desired.

Markup Plus Minimum Fee

- Minimum fee is added to the cost of ingredients + % mark up
- Minimum fee is established to recover the combined cost of the container, label, overhead and professional services.
- Eg: if the cost of ingredients is 200Rs and 40% mark up cost is applied then charge would be
 - $200 * 40 / 100 = 80$
 - $200 + 80 = 280$
- Minimum fee is added.
- Consider 50Rs then $280 + 50 = 330$ Rs
- To achieve desired profit, % markup may be adjusted upward or downward depending upon the minimum fee established.

Professional Fee

- Professional fee is added to the cost of ingredients used in filling of prescription.
- It includes dispensing cost and professional remuneration.
- True professional fee is independent of the cost of ingredients and does not vary from one prescription to another.
- Variable or sliding professional fee, varied by cost of ingredients
- Greater the cost of ingredients greater is the fee. (cost of inventory maintenance is recovered)

Cont...

- Professional fee varies depending on the cost and types of pharmaceutical services rendered
 - Family record system
 - Delivery service
 - Home Health care
 - Cognitive services
 - Professional desiresExtra time, materials and equipment.

Cont...

- Lower % mark up : prescription of higher cost
- Higher % mark up : prescription of lower cost
- Annual fee for professional services.
 - Routine professional service
 - Yearly record of prescription
 - Regular blood pressure checks
 - One on one consultation
- Professional fee method : reimbursement of pharmacists in filling prescriptions
- Third party payers : Government units such as state human resource services agencies, many insurance companies.
- Price consistency : chain pharmacy
- Price or code on the the prescription for future reference

R E P U B L I C A N

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