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Charging the Patients for Hospital Supplies and Drugs

Charging Systems And Its Impact on Hospital Pharmacy :

In India of Employees State Health Insurance Scheme (ESIS), Central Government Health Scheme in Bombay, Calcutta, Delhi, Ahmedabad etc. provide health care needs (drugs) to the government or industry employees. Both these schemes are based on receiving nominal payments by the employees, in view of which the above organisation supply drugs free to the employees covered by the schemes. Big industry follow a modified plan for bearing the burden of expenditure on health schemes including supply of drugs free and/or at subsidized rates.

Against this, people in the U. K. and U.S.A. are covered by National Health Insurance scheme and enrollment in Voluntary Health Insurance programme respectively. The hospital pharmacist has to familiarise himself with these schemes of payment by third party, insurance schemes etc. The agricultural labour has not been covered so far-in any of the schemes.

In the U.S.A. the problem of pricing policy in hospitals has remained local in nature, that is some state hospital pharmacy groups have and where patients are given treatment to the extent possible. For more specialized treatment these organization have either their own hospitals (e.g. Employees State Health Insurance Scheme) or have standing arrangements with the government hospitals in the cities or towns for treating (outdoor or indoor) patients sent by these dispensaries.

The expenditure incurred covers complete drug charges i.e. the patients do not have to pay for the drugs supplied. For very specialized drugs the patients are prescribed these days which the beneficiaries have to buy themselves. The organizations promoting these schemes maintain separate list of drugs which are to be supplied without any further recovery and those for which, the beneficiary pays himself.

Pricing of Drugs :

Unlike in the U.K. and U.S.A. the retail prices of drugs marketed in India are fixed by the Central Government by

percentage mark up over the cost

issuing Drugs Price Control Order under the Essential Commodities Act. The suppliers of drugs both in the private retail drug stores as well as the hospitals undertake pricing surveys and publish the data obtained. This kind of information, although of local comparative data, does nothing there, in the way of establishing a workable nation wide hospital pharmacy prescription pricing from which each hospital can develop its own schedule of prescription prices.

At present, too many hospital pharmacists establish prescription prices merely on the basis of a percentage mark up over cost. The percentage selected is usually that of a neighbouring hospital or what is considered to be prevalent in the local retail establishments.

In hospitals with low direct and indirect costs, the arbitrarily percentage mark up figure may be high enough to permit a profitable operation. However, if these direct and indirect costs are high, the operating loss would surely result. It is therefore, being felt necessary in that country, that the hospital pharmacist should work closely with the comptroller in order to establish the departmental direct and indirect cost. When this is ascertained this figure is divided by the number of prescriptions dispensed. This will give a unit prescription portion of the operational expense and from this, the pharmacist can easily visualize the end of spectrum in which he is operating. In this calculation "the number of prescriptions dispensed" has been used as denomination. For General purposes, 'prescription' here is intended to mean out patient prescription, take home drug prescription and inpatient drug order as, irrespective of how the medication is administered or where it is consumed, the dispensing aspect remains the same.

The above discourse is very useful for our hospital pharmacists and the administrators. From the above discussion, it would appear that each hospital should, for the time being, atleast, develop its 'Own pricing schedule' based upon its own financial experience.

Break even point pricing :

This is a useful tool in the overall analogies of cost volume profit relationship. It may be defined as the level at which there is neither profit nor loss. It is a very practical analytical factor which is useful in the comparison of net sales expenses operational profit within a budget to ascertain the necessary increase in net sales to justify expansion of plant or personnel to determine the effect upon net profit by any changes in the personnel or material costs.