

**Pricing
Self-Assessment Questions**

1. Which of the following are components of a prescription's price?
 - A. Ingredient cost
 - B. Cost to dispense
 - C. Net income
 - D. All of the above

2. The amount that the pharmacy pays for a drug product is:
 - A. Actual acquisition cost
 - B. Average wholesale price
 - C. Maximum allowable cost

3. Costs that are shared by all departments in a pharmacy, such as rent and manager's wages, are known as:
 - A. Direct costs
 - B. Indirect costs
 - C. Fixed costs
 - D. Variable costs

4. Which is a direct cost to the prescription department?
 - A. Housekeeping expense
 - B. Prescription vials
 - C. Manager's salary
 - D. Depreciation
 - E. All of the above

5. Wahoo Pharmacy's lease stipulates that the monthly rent expense is calculated as 1% of monthly sales. In calculating service costs, rent should be:
 - A. Charged as a direct cost to the prescription department
 - B. Allocated to the prescription department based on a floor-space-ratio
 - C. Allocated to the prescription department based on a sales ratio

6. The full cost of providing a service includes:
 - A. All direct costs
 - B. All indirect costs
 - C. The service's fair share of indirect costs
 - D. Both A and B
 - E. Both A and C

7. In calculating the cost of a session of diabetes-related counseling and monitoring, the costs of prescription vials and containers:

- A. Should be charged as a direct expense of the counseling and monitoring service
- B. Should be allocated to counseling and monitoring service based on the ratio of counseling and monitoring revenues to total sales
- C. Should NOT be considered as a cost of the counseling and monitoring service

8. The data for calculation of service costs should come from:

- A. An income statement for the most recent year
- B. An income statement that averages the pharmacy's performance over the most recent 5-year period
- C. A pro forma income statement

9. A pharmacy calculates its cost to dispense as \$6.25. This means that the pharmacy must add \$6.25 to the cost of the drug product dispense in order to:

- A. Break even on operating the prescription department
- B. Break even on operating the entire pharmacy
- C. Make a profit on the prescription department
- D. Make a profit on the entire pharmacy
- E. A and B only

10. A lower price is most likely to result in lower demand for which of the following:

- A. A coumadin education and monitoring service
- B. An over-the-counter drug
- C. A market-priced prescription product

11. A penetration pricing strategy is used to:

- A. Maximize long-run profits
- B. Maximize sales
- C. Maximize profits

12. The differential cost of providing a service includes:

- A. All direct costs
- B. All indirect costs
- C. The service's fair share of indirect costs
- D. A and B
- E. A and C

13. The demand for a product:

- A. Is closely related to the need for the product
- B. Can be affected by advertising
- C. Increases as the price increases

14. Consumers would be most sensitive to the price of which of the following:

- A. Hamburger
- B. Antique furniture

C. Surgery