Office-based dispensing is an option that increasingly is being considered by pediatricians. Interest in this service is shared by other ambulatory health care providers as well. Dispensing is not new to American medicine; physicians have been providing medications for purchase by patients for decades. Until recently, however, the service has been largely limited to rural and special practice situations. Only in the past few years has dispensing been exercised as an option in more traditional practice situations.

Current estimates indicate that the 5% of actively practicing physicians who dispense medications actually provide only 0.01% of total retail drug sales. Nonetheless, the practice appears to be increasing, as is made evident by recent, rapid growth of the drug “repackaging” industry that prepares units for in-office resale. So, too, has grown the controversy that presently focuses on both the necessity and propriety of dispensing by office-based physicians.

The physician’s decision to dispense medications, where legally permitted, must be a personal one. However, factors that necessarily impact this decision include patient needs, quality issues, practice characteristics, and community considerations. This statement is intended to assist the pediatrician to make an informed analysis of these issues.

**LEGALITY**

Presently, medication dispensing is permissible in all states. However, several states have restrictions that allow physicians to dispense in rural areas only (Montana, Texas), supply until the patient is able to have the prescription filled at a pharmacy (Massachusetts, Texas), dispense in emergencies only (Montana, Utah), and comply with other restrictions (West Virginia, Montana, Virginia, Nebraska). In most states, physicians must meet additional requirements to be able to dispense. Existing state laws must be ascertained by pediatricians during their initial consideration of office dispensing, and because laws are changing constantly, ongoing monitoring of state statutes is imperative. Prescribing and dispensing of controlled substances are regulated by the federal government through the Drug Enforcement Administration. Both state and federal statutes require strict compliance.

**BEST INTERESTS OF THE PATIENT**

The primary motivation regarding decisions about drug dispensing must be based solely on the best interests of the patient. To avoid any possible conflict of interest, consideration must be given to (1) freedom of choice, (2) quality assurance, (3) patient convenience, and (4) pricing. Increasing practice income or retaining patients should not be the primary motivation when deciding about dispensing.

**Freedom of Choice**

Patients must be given a clear option to choose medication from the pediatrician or from the community pharmacist. Availability of refills, either in or out of the office, must be provided for and communicated to the patient. Possible nonreimbursement by third-party payors for office-dispensed medication warrants evaluation and explanation.

**Quality Assurance**

Only medications with which the pediatrician has a thorough familiarity should be dispensed. Medication interactions and potential reactions require consideration and explanation. Adequate reference material and/or access to computerized information systems are necessities. Patient questions need to be answered and the opportunity used for patient education. Appropriateness and specificity regarding dosage and administration are imperative. An effective record keeping system that integrates medication data into the clinical record needs to be developed and maintained. The pediatrician, or appropriately trained and designated staff, should oversee all phases of dispensing to ensure product quality, safekeeping, proper inventory control, patient education, and record documentation. This
aspect of the practice is subject to the same quality assurance criteria as other practice components and as those present in the pharmacy industry.

**Patient Convenience**

In-office dispensing certainly benefits the patient in that it enhances convenience. The patient does not have to stop at a pharmacy and may pay all charges at the same time. The initial dose may be given in the office, which benefits patients and increases initial compliance. In addition, patients can ask questions of the pediatrician when receiving the medication. However, dispensing from the office can be inconvenient to the patient if the pediatrician’s office hours preclude obtaining last-minute refills of prescriptions.

**Pricing**

The retail price structure of dispensed medications should be reasonable in relation to that of other community resources. At the same time, the charges need to reflect realistic practice overhead expenses associated with the provision of an in-office dispensing service.

**ADDITIONAL CONSIDERATIONS**

**Professional and Community Relations**

The pediatrician cannot dispense all medications ordinarily used in the practice and needs to rely upon retail pharmacists. It may be disadvantageous to alienate local pharmacists by dispensing more commonly used medications while relying on them to stock and fill less frequently prescribed drugs. In addition, patients and the community may value the unique position of the pharmacist and resent any encroachment on this traditional service. In small isolated communities, dispensing by physicians could be detrimental to the pharmacist’s financial survival.

**Patient Relations**

Dispensing affords an opportunity for enhanced patient education by way of contemporaneous instruction as well as questions addressed. Compliance likewise may be augmented. The opportunity for increased interaction with and clarification by the pediatrician will be viewed favorably by many families.

**Inventory and Facilities**

Adequate and safe space for storing medications must be provided. An appropriate inventory needs to be maintained which takes into account expiration date, shelf life, and chemical stability (eg, need for refrigeration, photosensitivity).

**Professional Liability**

Medication dispensing may increase the potential for increased risk exposure, but the opportunity for enhanced risk management also exists. With dispensing under the physician’s purview, one may be assured that the patient receives the proper medications and understands the instructions for their administration. Prior to dispensing, the pediatrician must be certain that adequate professional liability coverage for the service exists in the current policy or can be provided.

**Financial Impact**

There is an obvious potential for financial gain from drug dispensing. Real profits will, however, depend on a number of factors. On the one hand, office medication charges should reflect the local retail prescription price structure. On the other, additional office overhead costs need to be anticipated. These result from inventory of drugs, dispensing-related practice overheads, pediatrician and staff time, increased accounts receivable, and uncollectibles. All must be considered in determining the financial impact of in-office dispensing.

The changing practice of dispensing medication in pediatric offices needs ongoing evaluation to determine the extent to which the patients’ and practice’s needs are being met. Research must continue regarding the extent to which in-office dispensing enhances compliance and contributes to patient education. Pediatricians who choose to dispense need to monitor such research carefully, to review state and federal laws periodically, and to evaluate recommendations being published by professional organizations.

The American Academy of Pediatrics holds that the practice of medication dispensing is acceptable and appropriate provided that it is statutorily permissible and that its primary purpose is to serve the best interests of the patient.

**Committee on Practice and Ambulatory Medicine, 1987–1988**

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