

3760 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

Where out-of-hospital drug expenses are covered, these are generally included in major medical policies involving deductibles of \$100, \$250, or \$500--useful only in so-called "catastrophic" illnesses.

Recently, drug insurance programs have been developed to provide adequate coverage of out-of-hospital drug costs, but membership in the plans is usually limited to members of employed groups, and few of these are in the older-age group.

Tax Relief. To the extent that expenses for drugs are included as deductions on income tax returns, reduced income tax payments represent a source of payment for these drugs.

For the elderly, such relief obtained through Federal income tax deductions has been estimated to represent about 9 percent of drug expenditures. But these savings benefit only those elderly individuals who receive enough income to require income tax payments, and would be of little importance to those with low incomes.

Free Drugs. From the 1964-65 study of the National Center for Health Statistics, it appears that about 3 percent of the elderly received their drugs at no cost