

9936 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

B-164031 (2)

STATES STILL PAYING FOR INEFFECTIVE
AND POSSIBLY EFFECTIVE DRUGS

We found that the three States in our current survey were expending significant amounts for ineffective and possibly effective drugs. The costs and number of prescriptions of ineffective and possibly effective drugs purchased under each of the three States' Medicaid programs are presented in the table below. The data for California and Texas is for September 1973. Because data was not available for Ohio for September 1973, the data presented is the average monthly figures for the period September 1972 through August 1973.

	<u>California</u>	<u>Ohio</u>	<u>Texas</u>
Ineffective:			
Cost	\$104,754	\$25,700	\$ 81,264
Number of prescriptions	(note a)	6,700	15,816
Number of drugs	27	80	93
Possibly Effective			
Cost	169,767	45,500	264,921
Number of prescriptions	(note a)	8,300	36,863
Number of drugs	77	174	211
Total cost:	<u>\$274,521</u>	<u>\$71,200</u>	<u>\$346,185</u>
Percent of Total Medicaid Drug Costs	4.4%	6.6%	11.9%

Note a: Data not obtained

Expenditures at these monthly levels represent annual costs of about \$8.3 million for ineffective and possibly effective drugs in the three States.

Neither Ohio nor Texas have procedures for removing drugs classified as ineffective or possibly effective from their Medicaid drug formularies. California has a procedure for removing drugs which have been finally determined by FDA to be ineffective--a State employee reads the Federal Register to determine which drugs have been finally classified as ineffective and provides this information to the California Medical and Therapeutics Committee which has them removed from California's Medicaid