

10500 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

1973 to beneficiaries of the Medicaid program amounted to about \$605 million--an increase of about \$39 million over fiscal year 1972 Federal Medicaid drug costs. Federal expenditures for drugs under the CHAMPUS program were estimated to have exceeded \$31 million in fiscal year 1973--an increase of over \$5 million above fiscal year 1972 costs. Estimates of Federal expenditures for drugs under the FEP program for fiscal year 1973 were not available; however, expenditures for drugs under the program exceeded \$40 million in fiscal year 1972.

Pending legislation pertaining to Federal participation in health care activities suggest that Federal expenditures for drugs may increase in the future--in some cases very substantially. For example, during the first session of the 93d Congress, numerous bills were introduced which dealt, in part, with drug purchases under the Medicare program. Most of these bills included provisions to extend Medicare to cover the costs of certain drugs to be dispensed to eligible recipients on an outpatient basis, and used to treat specified chronic illnesses. The Social Security Administration (SSA) estimates that such an extension of Medicare coverage would cost about \$1.1 billion a year.