

policy announced by HEW Secretary Weinberger on December 19, 1973. However, it is the first opportunity we have had to comment on the proposed implementation of that policy. As the members of this committee know and are well aware, the APhA has stood virtually alone in support of the MAC policy since it was unveiled by Secretary Weinberger. You know that APhA has publicly endorsed the basic concept embodied in this policy as fair and making good sense.

In testimony in February of last year, APhA noted that:

What the Secretary has said in essence is that the Federal Government and the taxpayers who support it should not pay drug manufacturers more for drug products of acceptable quality than a competitive marketplace requires. Implicit in the proposed Federal policy is a recognition that at present the Federal Government is paying more for some drug products than it should have to pay.

We also noted at that time that, while no controls had been applied to drug product costs, the professional service component of the prescription charge has always been tightly regulated under federally supported health care programs:

While direct controls over the fees reimbursed to pharmacists have been exerted both by government and the private third-party managers, no similar controls have been imposed with regard to the drug product component of the prescription cost. Drug products are paid for on the basis of whatever price the manufacturer decides. For 8 years medicare outpatients have been denied coverage of essential prescription drugs because of the controversy over controlling the price to be paid for the drug product.

The fact is that in the medicare program, for example, the pharmacist has been continuously squeezed between drug product cost increases levied without restraint by the manufacturers and the unwillingness of the States to pay an adequate fee for the pharmacist's professional services.

Senator HATHAWAY. Dr. Apple, could you give us an idea of the fees that are being paid by the various States? Do you have a table on that?

Dr. APPLE. In our filing on the MAC we listed a number of States and showed, for example, what the fees were in 1969 and again in 1973, and for a number of these States the fee had not increased at all. As a matter of fact, in many other States it remained relatively static during this period. That table is on page 5 in the middle column of our MAC filing, Senator.

Senator HATHAWAY. We will make the whole pamphlet here a part of the record, along with your statement.<sup>1</sup>

Dr. APPLE. It is obvious that the average for those 26 States was \$1.77, and in 1973 it was \$1.87, or only a 5.8 percent cumulative increase in a 5-year period.

Senator HATHAWAY. How about the price increases by manufacturers over this period?

Dr. APPLE. I do not have the exact statistics on that, but I can say without any hesitation it was significantly more than that during that comparable period.

Senator HATHAWAY. What State agencies now fix the fees?

Dr. APPLE. In general, it is the agency that administers title XIX

<sup>1</sup> See information, pages 11995 to 12013.