care programs to flounder or fail because the costs of operating such programs approach or exceed the value of the direct benefits provided the beneficiary—patients.

Senator HATHAWAY. On that point, doctor, Secretary Weinberger explained yesterday that the principal administrative machinery is already in place and functioning at the State level, and the administrative costs would not exceed 5 to 7 percent of projected savings, or between $4 and $6 million. Do you agree with that?

Dr. APPLE. We do not quarrel with the Secretary's estimate as to additional administrative costs, which, as you indicate, was very minimal, and certainly is not the $200 million the industry propaganda has been trying to convey to the American people and to the professions.

But I think we are here talking about another savings that could accrue under the existing program with the implementation of MAC, and that is simplifying the whole claims procedure.

For example, Senator, we have been trying for nigh on 15 years to get the health insurance industry to voluntarily adopt a standard claim form to be used among all of the insurance and third party administrators by pharmacists.

Today, many pharmacists have to stock as many as 15 to 18 different claim forms, with different machines to process different sized cards that are used for identification, and we feel that the whole claim administrative procedure could be greatly simplified if we knew certain information to plug into a computer program.

The whole administrative machinery is very expensive when you stop to consider we are talking about processing an average $5 claim. And I daresay that we are probably spending in excess of $1—$1.50—in processing that claim between the cost to the pharmacist and the cost to the taxpayer for the Government agency that is processing the claim. There has been a track record of undue hardship on pharmacists because for years since the title XIX program first started out many pharmacists were not paid for 3 to 6 months. That has been the length of delay in claim form processing. And you can appreciate the squeeze in the last few years on the pharmacist when he had to go out to the bank and pay 12-percent interest on a loan because of the delay in processing his claims.

We think all of this can be improved upon considerably and we think the Federal Government must take the necessary action to see that it is improved.

Basically, the attitude of the health insurance industry is: "We will give pharmacy a uniform claim form if and when we have to." We do not, apparently, have the leverage to get them to do it.

Senator HATHAWAY. You mean, you think the regulation should include that?

Dr. APPLE. Yes.

We think the regulations ought to deal with some of these administrative problems.

Senator HATHAWAY. I agree with you.

Dr. APPLE. In this day and age claim processing must be automated and the necessity for time-consuming and expensive auditing procedures eliminated. With accurate drug product cost data, claim