

preparation could be reduced to patient identification, drug product identification, and statement of quantity dispensed.

A computer could do everything else. This could be done easily under the MAC program if HEW will do only one thing, require drug manufacturers to tell the Government the prices they actually charge pharmacists for their drug products. We have urged HEW to require such information of all manufacturers as a condition of having their drug products reimbursable under federally supported health care programs.

It is drug manufacturers' resistance to providing this information, for which they are the only direct, immediate, and reliable source, which threatens the MAC program and, along with it, the very existence of the medicaid program, other health care programs, and a pharmaceutical service benefit, as a part of a national health insurance program.

At present, the Federal Government is, in effect, buying drug products without knowing in advance what it will have to pay for them. The Federal Government does not buy typewriters or automobiles in this manner. And, although the pharmacist is acting as the Government's de facto purchasing agent, he is denied information as to the best drug product prices available. We believe that with such information, the MAC program can achieve its objectives; without it, the MAC program will fail.

Mr. GORDON. Dr. Apple, may I interrupt for a second to say that the Federal Government is, in effect, buying drug products without knowing the prices in advance. You are referring to the reimbursement program, are you not, not the direct purchase program?

Dr. APPLE. We are referring to the reimbursement program under title XIX, under the medicaid program.

Now, the Federal Government does know in advance and the states know in advance what they are going to pay the pharmacist for his professional services. What they do not know in advance is what the cost of a given product is going to be.

Mr. GORDON. Thank you.

Dr. APPLE. We have stated repeatedly that we believe pharmacists essentially want two things in any third-party payment health care program, safe and effective drugs to dispense and fair, adequate compensation for their services.

The basic HEW MAC policy is based on the premise that there exist in the marketplace safe and effective drug products which can be interchanged without danger to the public health.

The chairman of the expert panel convened by the Office of Technology Assessment to assess this issue from a scientific standpoint has stated that 85 to 90 percent of the drug entities currently marketed in the United States present no problem in this regard, and could immediately be placed within a program of the MAC type. That leaves, by his estimate, a maximum of 10 to 15 percent of all marketed drug entities which may or may not involve interchange problems. It has always been APhA belief that a much smaller percentage of drug entities would be included in any group among which drug product interchange should not take place. In any event, however, we are satisfied that the Government has it within its