ability to assure that those drug entities and drug products to which the MAC policy would apply would involve no public health threat from the standpoint of drug product interchange.

With the assistance of its Academy of Pharmaceutical Sciences, APhA has suggested specific means by which HEW can reinforce such assurances to medical and pharmacy practitioners and the public. Where it can provide such assurance, it would be absurd, in our view, for HEW not to take into account the relative costs of interchangeable drug products.

Beyond HEW's apparent reluctance to require factual, current or prospective drug product price information from drug manufacturers, APhA has leveled a major criticism of the proposed MAC regulations insofar as they inadequately address themselves to fees for pharmacists' professional service. There has been evident within HEW a definite "hands off attitude" with regard to pharmacists' professional fees.

Some HEW representatives apparently have been taking the position that the Department can exercise authority with regard to amounts that will be paid by state medicaid programs for drug product costs but that it has no authority with regard to amounts that will be paid by state medicaid programs with regard to professional fees. Such a hands off position is patently without merit since the HEW medicaid regulations for years have required payment of a reasonable fee.

Everyone recognizes that in many States, implementation of the actual acquisition cost drug product reimbursement feature of the MAC program would tighten the economic vise on pharmacists to an extent greater than ever experienced to date.

At the same time, HEW officials say the MAC program is not intended to reduce the availability of pharmaceutical service to the public by causing pharmacy economic failures. Then they turn around and say, in effect, that HEW can do nothing to assure that such economic failures will not occur if the actual acquisition cost requirement is effectuated.

Mr. Chairman, I want to make it clear to you and this committee, as we have attempted to make it clear to HEW in our comments on the MAC proposed regulations, that we believe actual acquisition cost is the proper basis for drug product reimbursement. But, this is a viable approach only if fees for the pharmacists' professional services are adequately increased to cover income which presently is represented by the difference between the present drug product reimbursement amounts and actual acquisition costs.

Senator HATHAWAY. Are you saying that the Federal Government should set the fees for the States to follow?

Dr. APPLE. No, sir. We are not suggesting that the Federal Government set the fees, per se.

We are suggesting that the Federal Government enforce the regulation that is currently on the books which requires payment of a reasonable fee instead of closing its eyes to this situation, which has existed the past 9 years under the medicaid program.

Senator HATHAWAY. Well, then, the Federal Government would be setting, at least, some guidelines for the States to follow.