

past several years, all available data show that pharmacies nationwide have been treading on economic thin ice. For many the ice is now cracking. If HEW and the States are going to take away with one hand, they will have to give with the other, or there simply will not be any basis for further pharmacy participation in federally supported health care programs. For the first time since the beginnings of such programs, pharmacists are unilaterally terminating their participation because it has become economically impossible for them to continue in such programs. If equitable revisions in the proposed implementation of the MAC policy are not forthcoming, APhA can only project that pharmacy participation will be further reduced to a level which will emasculate the programs involved. Such a result would frustrate the objectives of Congress, the Executive administration, the States, and certainly those of the profession of pharmacy.

APhA comments filed with HEW on the MAC regulation proposals contain a table showing what has happened, or more accurately what has not happened, in the face of spiraling inflation with regard to pharmacists' professional fees in a number of State medicare programs over a period of several years. Pharmacists are demanding that they not be further victimized by governmental inaction. The economics of pharmacy practice in relation to federally supported health care programs has been continuously open to public scrutiny and a careful look will show that many pharmacists have been driven to the brink of economic crisis and others have failed. At the same time, both Federal and State Governments have been perfectly willing to pay drug manufacturers whatever they wish to charge for their drug products.

The critics of the MAC program charge that the estimated savings are grossly inflated. APhA does not know how much money will be saved taking into account prospective adjustments in professional service costs and drug product costs. We do believe that worthwhile savings will be achieved. However, in our judgment the major cost savings potential lies in reducing present administrative costs in all federally supported health care programs. We believe that the savings which can be easily achieved if the MAC program standardizes and simplifies the administrative procedures will more than cover the adjustment needed to provide pharmacists a fair fee for their services.

APhA calls for the application of the most basic principles of fairness. Our views with regard to the future of the MAC policy and its implementation are succinctly stated in the last paragraph of our MAC regulation comments:

The object of government policy and administration in federally supported health care programs must be to compensate prudently, but fairly and with an even hand, all who are involved in drug product manufacture and drug product distribution. The failure of the government to acknowledge and satisfy these essential philosophical and practical criteria can only result in the ultimate failure of the system and the inability of these programs to fulfill their Congressionally intended objectives.

Mr. Chairman, we sincerely plead that you and your congressional colleagues do everything within your power to see that past and present wrongs are redressed.

Senator HATHAWAY. Thank you very much, Dr. Apple. Let me just ask you a couple of questions.