

"only" one that can be tolerated by or will be effective for a particular patient.

Now, Mr. Weinberger said yesterday that this flaw in the proposed regulations has been recognized and probably will be corrected, but until it is changed, no physician could properly make such a certification without testing every available product on each patient. Moreover, the enumerated criteria for certification ignores many other legitimate reasons that might underlie a prescription for a particular manufacturer's product—such as the desire to maintain a uniform course of therapy or to assure consistency in the timing, intensity, and duration of the drug's action on the patient.

Now, getting into administrative costs: NPC has seen no official estimates by HEW, until yesterday, on the cost of administering the MAC program and it seems quite apparent that HEW has failed to assess properly the cost of implementing its proposed program. If the administrative costs of the MAC program were fully and fairly considered, we believe they would exceed any benefits to be gained from purchasing low-priced drugs. For example, the actual acquisition cost proposal, if it replaces the average wholesale or similar method of cost determination, will result in significant losses to retail pharmacists unless their income reductions are compensated for by other adjustments such as with higher professional fees.

Pharmacists generally are not now over-paid for their services and business costs, and cannot justifiably be expected to bear this loss of income. If the extra margin resulting from the difference between actual acquisition cost and average wholesale price, estimated by HEW to total \$40.4 million—if this is recaptured by the government as a result of the proposed policy change, adjustments in professional fees totaling at least that much, although entirely proper and necessary, may cancel out most or all of the savings projected from the AAC provision. To achieve insignificant, or entirely illusory, savings, the government still will be required to establish elaborate machinery to administer the AAC program, process claims, and audit pharmacists' records. Despite these obvious sources of expense, HEW officials have publicly stated that the administrative costs of the AAC program would be minimal because claim-processing offices are already established in each State program. In reality, the proposed rules can be enforced only by substantially increasing the workload of those offices.

As an alternative to the MAC proposal, NPC has recommended to HEW the establishment of a system of peer review. Coupled with computerized drug-utilization data, such a system could be used to minimize the costs of pharmaceuticals prescribed and dispensed under Federal programs without diminishing the quality of care provided. NPC is opposed to unwarranted administrative restrictions on the use of drugs, but believes that drugs should be used properly, effectively, and only when needed. Peer review can work without the administrative disadvantages of fixed and flexible price ceilings and would also help reduce the administrative costs inherent in MAC and AAC proposals.

In summary, the MAC proposal cannot be justified as an economy measure. The savings that will supposedly result from the purchase