

cist, recommended that the Department not adopt acquisition cost, and that the average wholesale price be adopted. The pharmacist should be allowed the advantage of volume purchasing, discounts, et cetera, and that this was a good purchasing practice and an incentive which should not be taken away.

It was stated that the pharmacist would be penalized for running a good business, if acquisition cost were adopted. In theory, 25 percent of the amount of the cost of the drug plus the acquisition cost refund to the pharmacist sounds like a good policy—but, in all practicality, our Department staff say that it would be most difficult to administer and monitor. The administrative costs and problems would be overwhelming. Before such a policy is imposed, I would ask how the Federal Government proposes that States comply with such a policy?

The Department would encourage that from a Federal level, drug pricing information comparisons be made available to physicians, so that the physician is able to compare drug prices in considering which is the drug of choice. A list of drugs subject to the Maximum Allowable Cost Reimbursement Policy could be issued by the U.S. Department of Health, Education, and Welfare, to State agencies administering drug programs which could be used by the State for consideration, but in no way be mandatory.

It is further suggested that the acquisition cost proposal be optional and not mandatory. Those States presently utilizing acquisition cost should be carefully evaluated as to whether they are actually cutting costs in the drug program with the resultant saving. When acquisition cost is utilized as the base drug cost in some third-party drug programs, and the acquisition cost policy is not properly enforced, its feasibility is questioned.

In summary, the Department welcomes the proposal for adoption of a Maximum Allowable Cost (MAC), but would recommend that States be allowed to adopt their own Maximum Allowable Costs through their own Pharmaceutical Reimbursement Boards, similar to that presently in existence in the State of Colorado. Adoption of acquisition cost, as outlined in the proposal, should be discouraged, as it is our feeling that any savings resulting from adoption of the acquisition cost would be lost from the additional administrative costs required, as well as a resultant increase in the dispensing fee. Participation by the community pharmacist is encouraged, and in some areas is difficult to obtain. Therefore, adoption of rules and regulations which would hinder community pharmacies from participating in the medicare drug program should be discouraged.

Careful studies should be conducted on any third-party program which has presently an acquisition cost, and a comparison of the savings versus the Red Book or average wholesale price should be conducted—taking into account such variables as the professional fee, the number of prescriptions each recipient receives, the average prescription price, overall total drug costs, and administrative costs.

Finally, if such a proposal is adopted in the State of Colorado, the State would expect support from the regional HEW office in such a capacity that the complexity and problems resulting from adopting such a policy would be specifically detailed to accomplish a change-over, since our present staff and budget limitations will not allow the Department to convert to the new program without resultant major problems.