



The CHAIRMAN. There is a rollcall on the way. I will have to leave very shortly.

But, Mr. Michelotti, on what basis does California reimburse,

wholesale or acquisition costs?

Mr. Michelotti. The average wholesale price listed in the "American Drug Blue Book," "Drug Topics Red Book." These are commonly referred to as the average wholesale price.

The CHAIRMAN. Where do you get the wholesale price from?

Mr. MICHELOTTI. From Blue Book and Red Book. They are standard catalogs of pricing information available to all pharmacists.

The CHAIRMAN. Do you find that, in fact, is the wholesale price or are there significant reductions for acquisitions depending upon volume or a long history of purchasing from the company or anything

Mr. MICHELOTTI. OK. Fair question.

In California if you were purchasing one bottle of any given medication in what we call a standard package size, 100's, or pint, or pound of ointment, from your normal service wholesaler, the price in the Red Book and Blue Book very closely approximates the acquisition cost. However, pharmacists generally are prudent businessmen and have direct accounts with some manufacturers, are on volume purchasing programs with various wholesalers, et cetera, so that, by and large, for a pharmacist doing any volume of business at all, he can purchase for less than the listed average wholesale price.