Two years ago we conducted a manual survey and we found approximately 2 percent of our recipients were going to more than one physician and obtaining the same drug. This was a form of abuse. Overutilization, we found in some cases, recipients receiving three or four tranquilizers, drugs which were contraindicated. The bulk of overutilization and abuse was due to the part of the recipient, not on the part of the physician or the pharmacist.

Our first attempt was to communicate through the pharmacist, and it was not as successful in that the pharmacist would write or call back and explain that the doctor wrote for that quantity and I am not aware they are going to another drugstore and what do you want me to do about it. So we concentrated on the physician and through our committee we obtain all the necessary information and obtain a social summary and the committee fills out a form or dictates what should be done, and we write to the physician. We have received wonderful success. The physician writes back and points out he was not aware of the problem and he indicates corrective action will be taken. In a few cases some of the physicians have resisted cooperation.

We have a contract with the Colorado Foundation for Medical Care and we refer such cases for peer review to the Colorado Foundation for Medical Care who will write to the physician and take corrective action.

So I feel the program is very successful.

Mr. GORDON. You have a drug utilization review system?

Mr. MARGREITER. Yes.

Mr. GORDON. Does California have drug utilization review system at all?

Mr. MICHELOTTI. Only a limited basis. There are a few pilot study areas, one conducted by Paid Prescriptions in four counties and another project with the San Joaquin Foundation for Medical Care, which is involved in utilization review.

In addition to that, the State Department has an investigative unit that is charged with investigation of over utilization and one thing and another.

But to be very honest, because there are so many people involved, beneficiaries and providers, it is difficult for the State unit to pursue with any degree of efficiency those cases of overutilization of misutilization of drugs when you compare them to the type of peer review and utilization control that Mr. Margreiter is talking about, and that we experienced on limited basis.

Mr. GORDON. I just have a couple of questions to ask you.

Would you turn to page 10 of your statement.

You give two figures of savings, 1,092,000, and then 461,900 for a half year. What accounts for the difference in these two figures? How much was actually saved by the MAC plan and how much would have been spent on the same drugs had the MAC plan not be in effect?

Mr. MARGREITER. Well, in evaluating our MAC program's cost effectiveness, you can approach it from different angles. What we did in one case since we implemented the MAC plan on July 1, 1972, we took those drug products which were more expensive than our MAC price and compared the expenditures the first 6 months of 1972 with the later 6 months of 1972. We looked at the same generic