be the lowest cost consistent with the maintenance of quality medical care for the aged and the disadvantaged. For two reasons, NPC does not believe the HEW proposal as published will achieve this objective. First, the proposed program would jeopardize the health and welfare of patients because of unresolved problems of therapeutic inequivalence and quality differences among pharmaceutical products which would be selected primarily on the basis of lowest price. Second, the proposed program would save little or no money for the government. Administrative costs, as yet not enumerated by HEW, could exceed the monetary savings, if any, resulting from the purchase of lower priced drugs. Moreoever, the use of cheaper but less effective drugs could, in the long run, increase the over-all cost of health care.

The remainder of my statement will address these points and, in keeping with the Chairman's request, will conclude with comments on the relationship between the Maximum Allowable Cost proposal and state antisubstitution laws.

HEALTH AND WELFARE OF PATIENTS

In proposing its MAC program, HEW has brushed aside the real and potentially serious problem of therapeutic inequivalence among chemically equivalent pharmaceutical products. Significant variations in effectiveness have been shown to exist for many drug classes. Before adopting any program under which drug products other than those chosen by the prescribing physician are recognized for reimbursement, the government should be required to make a positive determination of equivalence for the products to be interchanged.