

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 11939

The MAC policy rests instead on the recognition that substantial savings of public funds could be realized through increased use of lower cost drugs that yield the same clinical results as their more costly counterparts. There is, in other words, no reason for anyone--public agency or private citizen--to pay more than the lowest cost at which a quality drug product can be bought.

Major Issues Underlying the MAC Policy

The goal can be stated simply, but to reach it--equitably, safely, and prudently--will pose a number of difficult problems for all of us who are involved in the provision and financing of health and drug services.

Unquestionably, a key issue is quality. If a drug reimbursement program is to limit costs by encouraging the use of drugs at the lower rather than the higher end of the price sale, then we must be certain that low-cost drugs will yield the same clinical results as their more costly counterparts.

I want to return to this critical point, but let me first indicate briefly the other factors underlying our MAC proposal. Simply stated they are these: