

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12083

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 H.E.W. 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.

The Department does commend the U. S. Department of Health, Education, and Welfare for your efforts in attempting to resolve a problem area, and we would offer our services and assistance, if such are needed, in any further evaluation or explanatory information.