charges. How can the study make such comparisons of unlike items? It must be recognized that drug product mix, drug needs seasonality, type of medication being compared and, most important, the direct comparison of ingredient cost with ingredient cost are all important variables which cannot be ignored.

5. We agree, there is a degree of "disaffection" with the Medi-Cal program on the part of some of the health care providers. This is always true with large government programs which must maintain fiscal integrity. The thrust of the complaints regarding Medi-Cal have been oriented toward utilization controls (i.e., prior authorization, Medi-Cal service label requirements), and limitations on ingredient cost updates (quarterly), which are other elements of Dr. Brian's Medi-Cal Reform Plan. Very little provider objection has focused upon ceiling prices for drugs; in fact, the California Pharmaceutical Association publically supports the ceiling price concept.

   When administering programs of such proportions, reasonable controls must be used in order to ensure that the objective will be attained. Be assured our MAIC program, like the proposed MAC program, will not set drug price ceilings unless safe, therapeutically effective products are available at or below the stipulated ceiling.

   The purpose of a program of price ceilings is to achieve economies in the ingredient cost component. In California, the cost of ingredients in prescriptions at the time of the study represented 55 percent of the total expenditures for drug prescriptions. It would seem correct to represent the savings as a percentage of the total ingredient cost for the test period rather than as a percentage of the total annual prescription cost as was done in Table 1 of the study. The report compares apples to oranges, and to the wrong oranges at that!

6. It is extremely important to point out that Table 2 apparently omitted Sulfonamides, Nitrofurantoin, and Antiasthmatics. These omissions, by themselves, render any conclusion arrived at through this study valueless.

   Additionally, Table 2 has utilized a theraputic class listing for demonstrating savings or losses. These classifications contain many generic drugs each. The report fails to point out which generic drugs (or which drug product within any generic drug) are represented on his table. This can have profound effects on the conclusions. We are uninformed as to any specific inclusions, omissions, or product mix changes. (Product mix is the assortment of drug products within a