

12042 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

the savings described above plus the distortions that are outlined below, it appears the overall program costs significantly outweigh the benefits of direct cost controls on prescribed drugs.

Third, in California there is a growing perception that one of the real long-term effects of overt controls on any segment of health care delivery system is an increasing disaffection on the part of many of the health care providers. This is especially apparent among many physicians who have expressed concern over the fact that differences in therapeutic equivalence are not recognized by programs that limit product selection through price alone. Also physicians have expressed concern over the RCLP program in that it interferes with their decision making process and has a detrimental effect on the quality of care being provided. At a time when a major aspect of our nation's health care problem centers around the quantity and quality of health care services, direct control programs apparently are a significant disincentive to the attraction and retention of needed quality health care personnel to deliver these services.

From the experience in California it is clear that the medium and long-term costs of a direct drug price control program completely outweigh the short-term benefits of relatively minor drug procurement savings. With the possibility that a MAC program would be a precedent for pending National Health Insurance, this leaves the concern that there will be a far reaching disruption of the health care delivery system in the United States.