However, it must be pointed out that in choosing two fairly divergent time periods distortions may have occurred that are not explained through prices alone. There could have been differences in the "product mix" between the two periods such that changes in the relative weights of the products were, at least in part, the cause of the savings. There is no precise way of measuring this element.

Findings

Although prior to program implementation it was estimated that $2.0 million would be saved by the volume refund portion of the program, actual savings were negligible. The absence of significant savings was due to there being fewer volume refund agreements than expected and to the high administrative costs relative to administering the program.

The results of the application of the methodology described above demonstrated RCLP savings which were significantly less than anticipated. These savings represented a maximum overall gross savings of about 2.5 percent to the Medi-Cal drug program (Table 1).

Total savings to the State of California were somewhat less than 50% of the $2.1 million gross savings for the year after subtracting administrative costs and the 50% match due to the federal government.

The gross savings by therapeutic class are shown in Table 2. It will be noted that the highest savings occurred for sedatives and hypnotics, spasmolytic agents and antibiotics. Savings for these pharmaceuticals were relatively substantial running from around 12.5% to 25% below the costs at pre-RCLP rates.