

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12035

State pharmaceutical consultants reviewed products and selected a Blue or Red Book listed cost as the maximum the State would pay for the product. This selected cost usually tended toward the middle of the range of listed costs. If a pharmacist dispensed a more expensive product he received the RCLP fee. However, if he dispensed a less expensive product he received the listed cost of the less expensive product rather than the RCLP figure. Of course, the pharmacist also received the standard professional fee (\$2.40 per prescription dispensed until January 1, 1975 - now \$2.71 per prescription dispensed.) Computerized pricing made feasible such a procedure for the huge volume of Medi-Cal prescriptions. Still, some hand processing was necessary.

Since the very beginning the Medi-Cal Program has promoted generic prescribing through its formulary. Even with the formulary there has been some tendency for prescribing by manufacturer. The introduction of the RCLP emphasized generic prescribing only, allowing the pharmacist to fill the prescription with the product he had on hand. Otherwise, the pharmacist had to take a loss by filling the prescription with the brand specified or contact the physician to change the prescription.

Under related provisions of California law some pharmaceutical manufacturers offered to rebate to the State the difference in cost between their drugs and the generic drugs if their drugs were listed on the RCLP. The State would reap the savings while the market for the manufacturer's drugs would be protected.