

12032 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

THE CALIFORNIA MAC-LIKE EXPERIENCE

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For many years California has had a significant stake in the purchase of prescription medication and medical supplies for public assistance recipients and other persons financially unable to meet their health care needs. The number of services and recipients have increased to the point that such purchases have increased from \$8.5 million in 1957-58, the first year of the Public Assistance Medical Care Program (PAMC), to \$20.1 million in its last year (1964-65). Ten years later \$90.1 million was budgeted for prescription pharmaceutical products under Medi-Cal, the successor to the PAMC Program.

These figures represent costs for products purchased by prescription for non-hospitalized patients. Under these public programs reimbursements to pharmacists have been made in several ways; but basically the programs have allowed an ingredient cost plus a standard professional fee. The ingredient cost may be (or may have been) the wholesale cost with or without a markup, or a cost based on a "standard" package, while the standard professional fee may be (or may have been) increased to allow for extemporaneously compounded prescriptions. Regardless of how these reimbursements have been determined, there always have been some