

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12021

HE CONCLUDED THAT THE CALIFORNIA RCLP AND VOLUME REFUND PROGRAMS WERE NOT COST EFFECTIVE.

AT THE REQUEST OF HEW, MR. MARIO OBLEDO, THE NEW SECRETARY OF CALIFORNIA'S HEALTH AND WELFARE AGENCY, DIRECTED THE STATE DEPARTMENT OF HEALTH STAFF TO THOROUGHLY ANALYZE THE STUDY AND DR. BRIAN'S COMMENTARY. MR. OBLEDO IN HIS RESPONSE TO HEW, WHICH IS AN ATTACHMENT TO MY STATEMENT, INCLUDED A CALIFORNIA DEPARTMENT OF HEALTH DETAILED COMMENT ON DR. BRIAN'S ALLEGATIONS AND CONCLUSIONS. THE STUDY, IN THE OPINION OF DEPARTMENT OF HEALTH STAFF, LACKED SCIENTIFIC RESEARCH METHODOLOGY. IT DOES NOT APPEAR THAT DR. BRIAN WAS FULLY AWARE OF THE REAL AND FULL VALUE OF THE PROGRAM WHICH HE, JUST A FEW YEARS EARLIER, HAD INITIATED.

IN SUMMARY, CALIFORNIA HAS HAD LONG EXPERIENCE WITH PRICE CEILINGS ON DRUGS; MEDI-CAL'S PROCEDURES FOR ESTABLISHING THE CEILINGS HAVE BEEN DEVELOPED THROUGH A LONG AND PROVEN EVOLUTIONARY PROCESS; WE HAVE WEATHERED LEGAL OPPOSITION TO THE CEILING PRICE PROGRAM; WE STRONGLY FEEL THAT CEILING PRICES ARE A VALID AND COST-EFFECTIVE CONTROL; FINALLY, WE ARE CONVINCED OUR EXPERIENCE IS MOST USEFUL TO THE FEDERAL GOVERNMENT'S PROPOSED MAC PROGRAM.

THANK YOU.