

12020 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

LET US BACKTRACK JUST ONE MOMENT AND RESTATE THE SAVINGS FIGURES IN THEIR PROPER PERSPECTIVE. WE HAVE SAVED MORE THAN \$2,000,000 ON INGREDIENT COSTS. WHAT DOES THIS REPRESENT OF INGREDIENT COST FOR ITEMS WITH PRICE CEILINGS, NOT TOTAL PRESCRIPTION CHARGES, AT RETAIL? IT IS MORE THAN 7 PERCENT, WHICH WE IN CALIFORNIA FEEL IS REASONABLE, WHILE NOT SEVERELY CONSTRAINING THE HEALTH CARE PROVIDER FROM PROVIDING ANY PATIENT WITH ANY DRUG UNDER ANY CIRCUMSTANCE.

HOWEVER, CRITICS HAVE TAKEN THESE FACTS AND HAVE ATTEMPTED TO DISTORT THEM TO MEAN THAT THE PROGRAM DOES NOT MEET ITS PROJECTED GOAL. THE DEPARTMENT READILY ADMITS THAT, TO DATE, WE HAVE NOT HAD THE ADVANTAGE OF A FULLY IMPLEMENTED PROGRAM. WE FEEL THAT THE FEDERAL PROPOSED MAC PROGRAM SHOULD CARRY ON WHERE THE STATE OF CALIFORNIA MAIC PROGRAM PIONEERED.

THE MOST IMPORTANT CRITICISM TO DATE OF CALIFORNIA'S MAIC PROGRAM IS THAT OF EARL W. BRIAN, M.D., FORMER DIRECTOR OF THE STATE OF CALIFORNIA'S DEPARTMENT OF HEALTH CARE SERVICES, AND LATER SECRETARY OF THE STATE HEALTH AND WELFARE AGENCY, A POST ON FORMER GOVERNOR RONALD REAGAN'S CABINET. DR. BRIAN, IN A RECENT COMMENTARY TO THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (HEW), HAS USED HIS PERCEPTION OF THE CALIFORNIA PROGRAM TO QUESTION THE VALUE OF FEDERALLY PROPOSED MAC TYPE PROGRAMS. WITH THE COMMENTARY TO HEW, DR. BRIAN INCLUDED A STUDY IN WHICH