CALIFORNIA'S DRUG PROGRAM AS I HAVE KNOWN IT OVER THE LAST SEVERAL YEARS. I PLACE PARTICULAR EMPHASIS ON THE PRICE CEILINGS THAT WE MAY HAVE HAD IN EFFECT, AT ONE TIME OR ANOTHER, PARTICULARLY OUR CURRENT PROGRAM KNOWN AS THE MAXIMUM ALLOWABLE INGREDIENT COST (MAIC) PROGRAM. I FEEL MAIC IS THE INSPIRATION FOR THE FEDERAL MAXIMUM ALLOWABLE COST (MAC) PROGRAM WHICH WE ARE DISCUSSING HERE TODAY.

MORE THAN A DECADE AGO, CALIFORNIA WAS INVOLVED IN WHAT WAS KNOWN AS THE PUBLIC ASSISTANCE MEDICAL CARE (PAMC) PROGRAM. THE PAYMENT FOR SERVICES WAS ADMINISTERED BY COUNTIES HANDLING FEDERAL AND COUNTY RESOURCES AND WAS NOT A DIRECT STATE-ADMINISTERED PROGRAM AS WE KNOW IT TODAY. PAMC PROVIDED OUTPATIENT DRUGS THROUGH COMMUNITY PHARMACIES.

EVEN IN THOSE DAYS, I'M REFERRING NOW TO THE EARLY 1960'S, CALIFORNIA HAD A LIMITED NUMBER OF CEILING PRICES KNOWN AS "MAXIMUM ALLOWABLE WHOLESALE COST" (MAWC) FOR SEVERAL DRUGS WHICH WERE AVAILABLE GENERICALLY. THESE INCLUDED ITEMS SUCH AS PREDNISONE, PENICILLIN-G, THYROID, PHENOBARBITAL, AND A LIMITED NUMBER OF OTHERS. THESE CEILING PRICES WERE AN ATTEMPT TO CONTAIN VERY HIGH DRUG COSTS. ALTHOUGH THE DRUGS WERE AVAILABLE GENERICALLY, MANY PRODUCTS MAINTAINED A VERY HIGH PRICE PROFILE. FOR EXAMPLE, SCHERING CORPORATION'S METICORTEN WAS SELLING IN THE RANGE OF $17 PER 100 TABLETS FOR THE 5MG SIZE AS OPPOSED TO OTHER GENERICALLY AVAILABLE BRANDS OF THE SAME GENERIC DRUG