

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12003

AT THE SAME TIME, HEW OFFICIALS SAY THE MAC PROGRAM IS NOT INTENDED TO REDUCE THE AVAILABILITY OF PHARMACEUTICAL SERVICE TO THE PUBLIC BY CAUSING PHARMACY ECONOMIC FAILURES. THEN THEY TURN AROUND AND SAY, IN EFFECT, THAT HEW CAN DO NOTHING TO ASSURE THAT SUCH ECONOMIC FAILURES WILL NOT OCCUR IF THE "ACTUAL ACQUISITION COST" REQUIREMENT IS EFFECTUATED.

MR. CHAIRMAN, I WANT TO MAKE CLEAR TO YOU AND THIS COMMITTEE, AS WE HAVE ATTEMPTED TO MAKE CLEAR TO HEW IN OUR COMMENTS ON THE MAC PROPOSED REGULATIONS, THAT WE BELIEVE "ACTUAL ACQUISITION COST" IS THE PROPER BASIS FOR DRUG PRODUCT REIMBURSEMENT. BUT, THIS IS A VIABLE APPROACH ONLY IF FEES FOR THE PHARMACISTS' PROFESSIONAL SERVICES ARE ADEQUATELY INCREASED TO COVER INCOME WHICH PRESENTLY IS REPRESENTED BY THE DIFFERENCE BETWEEN PRESENT DRUG PRODUCT REIMBURSEMENT AMOUNTS AND "ACTUAL ACQUISITION COSTS."

SINCE ECONOMICS ARE SUBSTANTIALLY INVOLVED IN THE MAC POLICY, THOSE CONCERNED WITH THIS POLICY AND ITS IMPLEMENTATION, INCLUDING THIS COMMITTEE, MUST RECOGNIZE SEVERAL PHARMACY-RELATED ECONOMIC FACTS OF LIFE. EVERY PHARMACY REQUIRES A CERTAIN LEVEL OF INCOME OVER EXPENSES TO REMAIN VIABLE FROM AN ECONOMIC STANDPOINT. OVER THE PAST SEVERAL YEARS, ALL AVAILABLE DATA SHOW THAT PHARMACIES NATIONWIDE HAVE BEEN TREADING ON ECONOMIC THIN ICE. FOR MANY, THE ICE IS NOW CRACKING. IF HEW AND THE STATES ARE GOING TO TAKE AWAY WITH ONE HAND, THEY WILL HAVE TO GIVE WITH THE OTHER, OR THERE SIMPLY WILL NOT BE ANY BASIS FOR FURTHER PHARMACY PARTICIPATION IN FEDERALLY SUPPORTED HEALTH CARE PROGRAMS. FOR THE FIRST TIME SINCE THE BEGINNINGS