

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 11997

WHATEVER PRICE THE MANUFACTURER DECIDES.
FOR EIGHT YEARS MEDICARE OUTPATIENTS HAVE
BEEN DENIED COVERAGE OF ESSENTIAL
PRESCRIPTION DRUGS BECAUSE OF THE
CONTROVERSY OVER CONTROLLING THE PRICE
TO BE PAID FOR THE DRUG PRODUCT."

THE FACT IS THAT IN THE MEDICAID PROGRAM, FOR EXAMPLE, THE
PHARMACIST HAS BEEN CONTINUOUSLY SQUEEZED BETWEEN DRUG PRODUCT
COST INCREASES LEVIED WITHOUT RESTRAINT BY THE MANUFACTURERS
AND THE UNWILLINGNESS OF THE STATES TO PAY AN ADEQUATE FEE FOR
THE PHARMACIST'S PROFESSIONAL SERVICES. APhA UNDERSTANDS AND
APPRECIATES WHY A MANUFACTURER MAY HAVE TO INCREASE ITS PRICES
TO PHARMACISTS BECAUSE THE COST OF RAW MATERIALS AND PRODUCTION
ARE INCREASING. BUT, WHAT EVERYBODY MUST UNDERSTAND IS THAT
PHARMACISTS ARE SUBJECTED TO THE SAME INFLATIONARY PRESSURES.
STATE MEDICAID PROGRAMS REQUIRED TO OPERATE WITHIN FIXED
APPROPRIATIONS HAVE PAID FOR DRUG PRODUCT COST INCREASES BY NOT
INCREASING, AND IN SOME CASES BY REDUCING, PHARMACISTS' FEES.
THE BOTTOM LINE IS THAT AFTER THE MANUFACTURER GETS PAID FOR HIS
PRODUCT AND THE THIRD PARTY ADMINISTRATOR GETS PAID FOR HIS
SERVICES, THE PHARMACIST GETS WHAT'S LEFT--WHICH IS ALWAYS
INSUFFICIENT.

APhA HAS NOW FILED WITH HEW ITS COMMENTS ON THE SPECIFICS
OF THE PROPOSED MAC REGULATIONS. THOSE COMMENTS STATE THAT
APhA HAS NOT CHANGED ITS VIEWS REGARDING THE SOUNDNESS OF THE
PROPOSED HEW POLICY AS SET FORTH BY SECRETARY WEINBERGER. THE