

11954 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

The MAC Proposal

Mr. Chairman, let me turn now to the three main elements of the drug cost program I published last November 15 in the Federal Register.

I want to re-emphasize our commitment to the objectives of the MAC policy. At the same time, I want to assure those who have submitted comments on the regulations that we are giving careful scrutiny to all suggested changes.

The first element deals with multiple source drugs. It would limit Federal payment or cost-sharing to the lowest cost at which a drug is widely and consistently available to pharmacists throughout the United States. This would be termed the "maximum allowable cost" or "MAC" for that drug. The MAC would be established by a five-member Pharmaceutical Reimbursement Board composed of Departmental officers responsible for administering our drug benefit programs and chaired by the Assistant Secretary for Health. The Board would be assisted by a nine-member Advisory Committee, representing the professions of pharmacy and medicine, the drug industry, and consumers.