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Statement of C. Joseph Stetler, President
Pharmaceutical Manufacturers Association

Before the

Subcommittee on Monopoly
Senate Committee on Small Business

March 21, 1975

Mr. Chairman and Members of the Committee:

I am C. Joseph Stetler, President of the Pharmaceutical Manufacturers Association. With me today are Bruce J. Brennan, PMA Vice President and General Counsel and Howard L. Binkley, the Association's Vice President for Research and Planning.

As you requested, the topic of our testimony is the proposed Maximum Allowable Cost drug reimbursement plan announced by the Department of Health, Education, and Welfare in late 1973 and formally proposed in the Federal Register on November 15, 1974.

The PMA submitted comments on this proposal in extensive detail on February 14 to the FDA Hearing Clerk. I would like to request that our longer statement be included in the Record of these hearings.

First, let me stress that we fully recognize the need for economy in the design of a drug reimbursement program. And we realize that the task is a difficult one. And yet as we review the present proposal, we feel strongly that its adoption would be a disservice to the public. Fundamental questions are raised regarding overall program costs, the feasibility of assuring the quality and therapeutic equivalence of products having the same chemical composition, and the criteria to be used in considering a drug for inclusion in the program. So long as