The four proposed regulations published in November, 1974 and January, 1975 provide for: (1) the establishment of a Maximum Allowable Cost (MAC) formula; (2) a uniform government reimbursement program for prescription drug services, based on actual acquisition cost and professional fees for pharmacists; and (3) an informational program to advise physicians, pharmacists and others of the prices of prescription drug products.

The PMA's position with respect to these three propositions ranges from opposition to support in principle. The first and most sweeping of the three would, in effect, institute government price controls under the guise of MAC. It is this proposal to which the major portion of our comments are directed.

We cannot emphasize too strongly that a great disservice would be done to the public interest if the MAC proposal were adopted at the cost of compelling physicians and pharmacists to forgo prescribing and dispensing drug products of proven reliability or of reducing the present incentives toward drug product innovation and improvement.

Even if such disadvantages could be avoided, fundamental questions remain regarding the overall costs of operating the proposed program, 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 these basic questions are not answered, and so long as the undesirable effects on physician and pharmacist prerogatives and industry innovation remain, adoption of the proposed MAC program would be both unfortunate from a public policy standpoint and, in a number of respects, inconsistent with the requirements of law.