Nobember 14 press conference, charts were distributed claiming an estimated saving under this provision, for fiscal year 1975, of approximately $48.4 million, or an alleged 3.9 percent on the "product cost" of Medicaid and Medicare drugs.

Not mentioned were some very crucial considerations. HEW presumably based its estimate of savings under the MAC provision by applying some unannounced "lowest prices" to 42 leading multi-source prescription drugs. In other words, despite the fact that almost every spokesman for HEW has indicated that a very small number of drugs would be included on the initial MAC list, the claimed cost savings have been exaggerated by including all potentially "eligible" multi-source drugs. No allowance was made for excluding those drugs with continuing problems of bioavailability and which would, therefore, be excluded, at least for the time being, from MAC treatment. If, in addition, allowances are made for excluding drugs where the price differential is "insignificant" and for the exclusions when physicians certify specific brands, the estimated savings are reduced even further. Too, there has been a narrowing, over time, of the price differentials among the various formulations of many important drugs. All things considered, we believe the saving might well turn out to be less than the direct and indirect costs.

Finally, as to this component of the program, a closer look must be given to the savings of 3.9 percent of the product cost of drugs under Medicaid and Medicare as estimated for fiscal year 1975. Since the government plans to reimburse not merely for product costs but also for dispensing costs, which it estimates as approximating 50 percent of total costs, the percentage of retail saving from the MAC component