is actually only half of the percentage savings cited. Instead of a saving of 3.9 percent, it would be less than 2 percent.

2. Actual Acquisition Cost

The second component of the MAC plan is the proposal to reimburse pharmacies on the basis of actual acquisition cost, rather than on the Average Wholesale Price in the Red Book or Blue Book, which is used in most of the state Medicaid programs. For this component, HEW has estimated a savings of $40.4 million for the fiscal year 1975. These estimates, even if accurate, are gross savings, not net savings. To determine net savings, if any, one must consider offsetting expenditures, such as the cost of the very difficult job of administering and auditing such a program. In addition, some HEW representatives have already promised to recompense pharmacists for lost income by granting an increase in professional fees. In some states, it is said that dispensing fees have been held at a low level on the grounds that pharmacists are now getting what might be called an "Average Wholesale Price Bonus".

Certainly, pharmacists should receive fair and equitable compensation for their services, but we question the logic and propriety of designating, as a savings under the program, amounts which pharmacists are being told will be returned to them in increased dispensing fees.

Although its total implications are far from clear, consideration must also be given to the 25 percent refund provided in the basic regulation[24/] for pharmacists who purchase a MAC drug for less than the established price. Would the proposal encourage more efficient buying by the pharmacist? Would it tend to encourage the purchase of