

Medicare on Drugs?

Editorial Staff

The following are excerpts of a memo from June Gibbs Brown, Inspector General with the U.S. Department of Health and Human Services. It should be noted that Medicare is only supposed to pay "the lower of the estimated acquisition cost or the national average wholesale price" for drugs.

"Medicare allowances for 22 drugs exceeded actual wholesale prices by \$447 million in 1996. For the 22 drugs reviewed, Medicare payments would have been reduced by 29% if actual wholesale prices had been used instead of manufacturers' published wholesale prices.

"For more than one-third of the 22 drugs reviewed, Medicare and its beneficiaries paid more than double the actual average wholesale prices available to physicians and suppliers. For every one of the 22 drugs reviewed, Medicare reimbursed more than the average actual prices in both 1995 and 1996. Not only did Medicare allow more than the average price, the program reimbursed more than even the highest price for every drug."

In another memo, Ms. Brown states that "Medicare allowances for prescription drugs increased 25 percent, from \$1.8 billion in 1995 to \$2.3 billion in 1996" (emphasis added). According to the Health Care Financing Administration (HCFA), Medicare spent "approximately \$300 million" for all chiropractic services in 1996. Thus, the money that Medicare was overcharged in 1996 for just 22 different drugs could have paid for all chiropractic care for Medicare recipients, with \$146 million dollars left over.

It is a sad commentary for a country to buy its elderly more than \$2 billion worth of drugs each year, but only spend \$300 million for hands-on chiropractic care.

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