SUGGESTED OUTLINE FOR REMARKS TO CALIFORNIA PHARMACIST'S ASSOCIATION

JANUARY 11, 1982

I. CONTEXT IN WHICH THE FY 82 HEALTH BUDGET BATTLE TOOK PLACE

-- ADMINISTRATION PUSHED FOR DRASTIC REDUCTIONS IN FEDERAL SPENDING, PROPOSING TO "CAP" MEDICAID, COMBINE 25 CATEGORICAL PROGRAMS INTO TWO BLOCK GRANTS TO STATES AT REDUCED FUNDING, AND TO CUT FUNDS FOR HEALTH PROFESSIONS EDUCATION.

-- THROUGH THE RECONCILIATION PROCESS, THE ADMINISTRATION GOT MANY OF THE CUTS IT WANTED, ALTHOUGH NOT MANY OF THE STRUCTURAL CHANGES SUCH AS THE MEDICAID CAP AND BLOCK GRANTS.

-- THROUGH THE APPROPRIATIONS PROCESS, WHICH SO FAR HAS PRODUCED THREE CONTINUING RESOLUTIONS, THE ADMINISTRATION HAS ACHIEVED FURTHER FUNDING CUTS.

II. ADMINISTRATION WILL SEEK MORE HEALTH BUDGET CUTS FOR FY '83

-- WHEN THE PRESIDENT PRESENTS HIS FY '83 BUDGET TO CONGRESS AT THE END OF THIS MONTH, HE IS EXPECTED TO ASK FOR FURTHER CUTS IN MEDICAID AND PARTICULARLY MEDICARE.

-- IF APPROVED, THESE CUTS WILL MEAN MORE COST-SHARING FOR THE ELDERLY AND THE POOR AND MORE COST-SHIFTING TO THE PRIVATE SECTOR.

-- I INTEND TO OPPOSE FURTHER CUTS IN HEALTH PROGRAMS THAT HAVE ALREADY BEEN SEVERELY ERODED.

III. RECONCILIATION ACT CHANGES IN MEDICAID

-- THE ADMINISTRATION WAS NOT SUCCESSFUL IN CAPPING THE MEDICAID PROGRAM AND SHIFTING THE BURDEN OF CARING FOR THE POOR ONTO THE STATES AND LOCALITIES.

-- THE ADMINISTRATION PROPOSED ELIMINATING THE "FREEDOM OF CHOICE" PROTECTION ALTOGETHER. I WORKED TO KEEP "FREEDOM OF CHOICE" FROM BEING ELIMINATED FOR DRUGS, BUT THE STATES CAN APPLY TO THE SECRETARY FOR A WAIVER TO PURCHASE DRUGS AND OTHER SERVICES ON A COMPETITIVE BIDDING BASIS.

-- THE RECONCILIATION ACT PROHIBITS MEDICAID PAYMENTS FOR INEFFECTIVE DRUGS; THE CONTINUING RESOLUTION, THROUGH THE BLILEY AMENDMENT, POSTPONES THE ENFORCEMENT OF THIS PROVISION UNTIL MARCH 30.

IV. OTHER CURRENT ISSUES: ORPHAN DRUGS

-- I HAVE INTRODUCED H.R. 5238 AND HOPE TO ENACT IT.