

at \$22.50, which was not too different from the price paid by a local pharmacy.

Those of us who had been vaguely aware that trade named items were more expensive than non-trade-named items were nonetheless appalled when trade named items were found, as shown by the examples above, to be in many cases 20 to 30 times as expensive as their generic equivalents. Not 2, 5, or 10 percent more as might be expected in other areas of commerce, but 2,000 to 3,000 percent more.

One of the members of the Fulton-DeKalb Hospital Board that sits on the bid openings for the pharmacy orders, a businessman, was quite shocked. He is used to 1 percent for cash and 2 percent for faster delivery, and he couldn't believe his eyes when he saw these price differentials that came in every month on the drug bids.

The formulary committee of Grady Memorial Hospital was in general agreement on the following procedures for the future operation:

1. Drugs would be prescribed and ordered on a generic rather than a trade name basis and purchased on a low bid basis when possible.

2. Needless duplications of drugs having the same therapeutic action would be deleted from the formulary.

3. Where different trade name drugs had equivalent therapeutic action we would use the drug which was the least expensive. This No. 3 it turned out to give us as much in the way of savings as the use of the generic name.

4. New drugs which were minor molecular modifications of established drugs with no clear-cut therapeutic advantages would not be considered until they had been on the market at least 1 year, where we would have ample time to see if the extravagant claims made for their superiority were really true.

5. Drugs would not be considered that did not have clearly established therapeutic value or therapeutic action clearly superior to older products available under generic names, and which we knew more about in terms of side effects.

The result was a trimmed down hospital formulary of which the committee has copies. Including drugs, nursing items, and diagnostic items, the formulary contains about 800 to 900 items. This compares with as many as 14,000 items in some large pharmacy operations.

It was not easy in the beginning. As you might imagine, the medical profession is conservative. This was a radical departure of performance at Grady Hospital. There were complaints that the committee was trying to dictate the type of medicine practiced at the hospital, that Grady Hospital patients would be poisoned by cheap inferior drugs, that the change from one color of pill to another would upset the Grady Hospital patients in an irremedial manner, that we should buy trade named expensive items to support the research done by the large drug companies, and that the committee was attacking the American free enterprise system.

We persisted, with support from a large part of the faculty, and the total support of the administration of the hospital, who were interested in cutting this enormous drug bill.

We have been fortunate—estimated savings during the first year ran as high as \$150,000 on a budget of \$480,000 for drug purchases.