

Dr. McCARRON. We now buy hydrochlorothiazide on a bid basis. Previously, we had chlorothiazide, Diuril, which is only made by one manufacturer, as the standard diuretic in the hospital. Chlorothiazide was the first thiazide diuretic out, and it became popular with the physicians. We deleted chlorothiazide from the formulary when hydrochlorothiazide came out because hydrochlorothiazide, we thought, had a little advantage over chlorothiazide, but mainly, it was made by three companies, and we had a competitive advantage, so we took out the chlorothiazide and accepted bids on hydrochlorothiazide.

Both of these drugs at the beginning were \$5.50 a hundred.

Mr. GORDON. All three of them?

Dr. McCARRON. The hydrochlorothiazide, yes, from three manufacturers, and the chlorothiazide were the same price. The first bid that we got came in at about \$5.50 a hundred. The next time, the bid came in at about \$3.80 or \$3.60. The next time it was down to about \$2.70 a hundred, and we finally got this drug down to about \$1.20 per 100. However, the retail price of the drug has not changed, using the "Red Book Guide to Pharmacy Prices."

So that by having three companies bid against one another for the large business in the county hospital, we were able to effect a true saving, and that item happens to be used in all, or practically all, of the departments in the hospital.

Mr. GORDON. But here is a case where you can have competition among different trade names; is that correct?

Dr. McCARRON. Yes. We ask for hydrochlorothiazide. It happens that this drug is made by three major companies, and we had no qualms about accepting the drug from either one of the three.

Mr. GORDON. In selecting drugs for inclusion in the formulary for the Los Angeles County Hospital, 950 drugs previously stocked were eliminated from the hospital inventory. How about the 550 remaining drugs? Do they cover all types of illnesses for which a patient may be hospitalized?

Dr. McCARRON. Yes.

Mr. GORDON. And would it be fair to say, then, that many of the drug products on the market are duplicative?

Dr. McCARRON. I am sorry, we didn't just eliminate duplicates.

Mr. GORDON. Duplicates, as well as useless drugs?

Dr. McCARRON. Well, many drugs are a little bit different, and you can't say they are therapeutically equivalent, but they are used for treating the same condition.

Mr. GORDON. Yes.

Dr. McCARRON. And we can pick a particular drug. Say there are 10 drugs available for treating this particular condition, and they each may vary a little bit, so they are really not duplicates. But we can pick three or four of those to start.

Mr. GORDON. The variations were not sufficient to keep them in the formulary?

Dr. McCARRON. That is right.

Mr. GORDON. They were not meaningful variations; is that correct?

Dr. McCARRON. That is right.

Mr. GORDON. Do all of the 2,400 attending physicians prescribe generically?