May I interrupt simply to say I have to go to the floor of the Senate. They are going to vote at 12, and there is a bill for which I have to participate in a very brief colloquy. We will recess until 12:40. That will give everybody time for lunch, and we will resume your testimony at that time and hear the next witness after that.

(Whereupon the subcommittee recessed at 11:45 a.m. to reconvene at 12:40 p.m. the same day.)

AFTERNOON SESSION

Senator NELSON. We will resume the hearing. Dr. Cherkasky, I don't remember exactly where you left off in your testimony, but you may resume from wherever it was.

STATEMENT OF DR. MARTIN CHERKASKY ET AL.—Resumed

Dr. CHERKASKY. If it is all right with you, Senator, I just will paraphrase some of the material so we won't have to go through all these words.

Senator NELSON. Fine.

Dr. CHERKASKY. I want to talk a little bit about our expenditures in our use of generic drugs. We spent over a half million dollars on drugs in 1966, and despite the fact that we have a commitment to purchase generic drugs whenever they are suitable, we spent only $67,000, or 12 percent of our total expenditures on a generic basis.

One of the things, however, which is pointed up very excitingly by this fact is that while only 12 percent of our purchasing dollar went for generic drugs, it provided 40 percent of all the medication we used. If anybody wants to talk about the kinds of savings that are inherent in generic drug purchasing, this is a very apt demonstration.

Senator NELSON. Have you had any experience in your hospital to demonstrate that this 40 percent of the drugs which are purchased generically are inferior in any way to brand-name drugs that are used in the hospital?

Dr. CHERKASKY. Absolutely not, Senator Nelson. We would never compromise with the safety and security of our patients for a fiscal savings.

Senator NELSON. Now, when you see that they can be purchased generically, as I understand it, you let competitive bidding?

Dr. CHERKASKY. That is right.

Senator NELSON. You let all your bids in generic terms, and then all companies can bid whether or not they are producing a generic or a brand name; is that correct?

Dr. CHERKASKY. Right. What we do, however, is, we try to be selective about the companies that we allow to bid, trying to reassure ourselves that they produce quality drugs. One of the things that is interesting as well is that if we had purchased these $67,000 by the available brand names, it would have cost us $200,000.

We have at Montefiore a group practice unit with a variety of programs. One of them is a comprehensive group practice program with the Teamsters and Management Hospitalization Trust Fund. Part of the coverage for this group of 3,500 people is drugs, and we were able, because we had this group, to arrange for them to purchase drugs at