and development needed to devise the cures for the many serious disease problems which plague us.

I would like to feel secure for our hospitals and all of our doctors that when a drug is ordered, it will be of the quality, purity, potency and safety that it is purported to be.

I would like to see drug costs brought down to a reasonable level with reasonable profits for the manufacturer and dispensing pharmacist—not only to curb exaggerated costs, but to prepare for tomorrow when new developments and inflationary trends will make all drug and medical care costs go up.

The costs of medical care are increasing at a faster rate every year, with no let-up in sight. We are currently spending about 6 percent of the G.N.P. for health care and 1966's health expenditures amounted to $43 billion, compared to $3.6 billion in 1928. The percent increase in Medical Care in the Consumer Price Index, from 1947–49 to 1961 was greater than that for any other major group in the Index; a 61 percent increase for medical care compared to 48 percent for transportation, 10 percent for clothing and 21 percent for food. The various components of medical care have been increasing, however, at different rates. Between 1946 and 1962 there has been an over 250 percent increase in hospital cost per patient day. During 1966, the costs of hospital care have escalated at an almost unbelievable rate of 16.5 percent as reported by the Department of Health, Education, and Welfare, in a recent report to the President on Medical Care Prices. It looks now as if our costs at Montefiore may increase almost 20 percent during 1967. All elements of medical care cost must be carefully scrutinized. Drugs represent an important part of hospital costs and a major item in medical care expenditures. At Montefiore Hospital, where in 1962 our pharmacy filled 169,492 prescriptions (inpatient and outpatient), accounting for drug expenditure of $326,610 or 2.7 percent of the total hospital budget, in 1966 we filled 220,111 prescriptions, accounting for $550,000 for drug expenditures or 3 percent of our budget. According to the United Hospital Fund, reporting on Voluntary Non-Profit Hospitals in the city, in 1965, $12,140,710 was spent by member hospitals on pharmaceuticals.

According to the recent H.E.W. Report to the President on Medical Care Prices, persons aged 65 and over spend 2½ times as much as do other age groups; and it is important to remember that Medicare does not provide coverage of prescription drugs except in the hospitals.

One of the ways hospitals and an increasing number of consumer groups have found effective in helping to reduce drug costs and maintain high quality and standards of care is by use of a Formulary System such as that at Montefiore Hospital and Medical Center (Exhibit #1).

According to a PHS study project on the Audit of Pharmaceutical Services in Hospitals (published in 1964 by the American Society of Hospital Pharmacists, Mirror to Hospital Pharmacy) a Formulary System is defined as a:

> "method whereby the medical staff of a hospital, working through a Pharmacy and Therapeutics Committee which it appoints, evaluates, appraises, and selects from among the numerous medicinal agents available those that are considered most useful in patient care, together with the pharmaceutical preparations in which they may be administered most effectively. Drugs compiled in this manner, then, comprise the hospital's formulary. Thus, the hospital formulary is a compilation of pharmaceuticals which reflects the clinical judgment of the medical staff. Continuous provision is necessary to maintain an up-to-date formulary."

According to this study, over 50 percent of the nation's hospitals operate under a formulary system and an additional 25 percent of chief pharmacists would like to operate under such a system. Thus, three out of four hospitals either now employ the formulary system, or would like to employ it. These figures are probably higher today, in that this study was conducted before the availability of the American Hospital Formulary Service in 1958. In addition, about three out of four hospitals with pharmacists have a pharmacy committee.

From a study conducted by Dr. Charlotte Muller as reported in the January 16, 1966 issue of Hospitals, pages 97–102:

> "A questionaire was sent to all short-term general hospitals in New York City with 104 of the 117 responding, accounting for 89 percent of the general hospitals and 96 percent of the short-term beds in the City. Of the responding hospitals 89 percent had a formulary, 7 percent were developing one