and 4 percent had no formulary at all. In three-quarters of the hospitals, the formulary was developed by a committee usually a standing committee of the medical staff."

The report of the Governor's Committee on Hospitals Costs (New York State) 1965, to which I was a consultant, stated that:

"The most effective technique for controlling the cost of drugs to hospital patients and for assuring the highest standards of prescribing is a well-organized and efficiently run hospital drug formulary system."

The Committee recommended that:

(f) "Those hospitals in the State that have pharmacies but do not have effective formulary systems should be required to initiate them."

(g) "The State Board of Social Welfare should make payment for the care of public charges to hosiptals contingent upon the existence of effective drug formulary systems and generic prescribing programs in such hospitals."

In addition, the (Folsom) Report stated that:

"The use of formularies and generic dispensing among hospitals in New York is widespread. Among 240 hospitals responding to a survey made by the State Hospital Association on behalf of the Governor's Committee all but 11 had pharmacy committees, all but 24 had established formularies and all but 69 used generic dispensing of drugs. It now needs to be made universal."

Montefiore Hospital and Medical Center utilizes a joint formulary developed by a strong and active pharmacy committee. This committee is composed of several full-time chiefs of service, full-time attending physicians, our chief pharmacist and a representative from administration. Clinical services represented on this committee include anesthesiology, cardiology, dermatology, gastrointestinal medicine, neoplastic medicine, obstetrics and gynecology, pediatrics, and psychiatry. The committee makes all decisions with respect to additions and/or deletions to the formulary. All requests for new drugs and those not in the formulary are carefully screened for approval by the appropriate chief of service and the committee. The committee meets on a formal basis once a month.

In addition, the adverse drug reaction committee is a subcommittee of the pharmacy committee and meets every two weeks. All adverse drug reactions are reported and followed up. If necessary, intensive studies are conducted to determine the cause of the action if it is not immediately determinable.

The Montefiore Formulary is a joint formulary, utilized by five hospitals in the Bronx, with 3440 beds, representing close to 90 percent of the municipal hospital beds and almost one-third of all the beds in the Bronx. There are many advantages to such a formulary. The physician is not burdened by having to make a decision among hundreds of available competitive drugs, rational drug therapy is insured and costs are reduced. With about 400 ethical drugs in our formulary, the use of drugs in the hospital outside the formulary represents only about 1 percent of total usage. All drugs are listed generically. Brand names are also listed but that is all that is given. A cross-reference to the appropriate generic equivalent contains the additional information: drug category, available dosage forms, and so forth. That drugs are listed generically encourages our physicians to prescribe in that manner. When physicians, however, prescribe for a brand-name drug, there is an understanding that the pharmacy may substitute the equivalent generic drug if it is available. We will not make any substitutions unless we are sure that both drugs are therapeutically equivalent. All generic drugs that we stock in our pharmacy are therapeutically equivalent to brand-name drugs. We are assured of this via our active pharmacy committee composed of experts in clinical medicine and pharmacology.

In summary, then the use of the formulary assures us of quality, serves as an educational device and saves us money.

The formulary contains about 550 drugs of which about 400 are the so-called "ethical drugs."

We spent $550,000 for drugs at Montefiore Hospital during 1966, despite a commitment to the purchase of generic drugs whenever they are suitable and whenever we are secure about the standard of preparation. Only $67,000, about 12 percent of our total expenditure, were on a generic basis. Let me note however a point which dramatically points up the financial meaning in generic drug purchasing. This 12 percent of our total purchasing for drugs provided 40 percent of all the medication we made available to our patients. When drugs have reached the stage where they can be purchased generically, we usually find that the cost