

for about 50 percent of the prescription medication dispensed last year.

Under current law, the success or failure of a given drug has been entrusted to the marketplace. If the marketplace is to perform this function for society as intended, we must insure that its various forces operate freely and effectively.

There is unlimited duplication of brand name pharmaceuticals, and this problem was apparent long before attention was focused on the generic brand issue.

In our opinion, it was this proliferation of different brands of the same drug which contributed to the enactment of the ant substitution laws and our profession helped and, indeed, led the battle for enactment of these statutes in some instances. To our knowledge—

Mr. GROSSMAN. Dr. Apple, I wonder if I might ask just one question with regard to inventories. In all that you have presented here, would you not say then that one of the ramifications of what you recommend is that it would cost the pharmacist less because he would have to stock less, is that true?

Dr. APPLE. Well, it would cost him less in terms of dollar investment. But equally important, he might be able to buy in larger quantities, and that also would help reduce the cost.

Mr. GROSSMAN. I wondered if you would care to comment on something that the industry people have talked about. Basically there are some drugs that are very seldom used, and that they are forced to produce—not forced, but they produce—and that I assume that the pharmacies would carry, and yet the cost of these drugs, of course, is very high because they are very little used.

Mr. GORDON. May I comment on that?

Mr. GROSSMAN. Certainly.

Mr. GORDON. What puzzles me is why shouldn't those who get these rare drugs pay a price for them, that would cover their cost?

For example, I cannot see any justification for a person in a ghetto who needs tetracycline having to pay a higher price for tetracycline because a wealthier person might need a rarer drug. Why should he subsidize that wealthier person?

Mr. GROSSMAN. What I am getting at is, would you continue to stock these items?

Dr. APPLE. Let me say most of the drugs that you have reference to, I believe, are not stocked generally by pharmacists anyway.

Mr. GROSSMAN. I see.

Dr. APPLE. Because they are so rarely used, they are kept in inventory by the manufacturer, and as the manufacturer directly makes them available to the physician at the hospital or at the particular time they are needed.

Mr. GROSSMAN. So you do not normally carry them anyway.

Dr. APPLE. That is right.

Mr. GORDON. How big a deal is this anyhow? Does it involve so much money? Does it involve so many products? How big is it?

Dr. APPLE. Mr. Gordon, we have no knowledge—we know what some of the drugs are, but to the extent they are used and all that we have no statistical information.

To our knowledge, no State which did not have an ant substitution provision in a prior law has enacted such a separate statute in the last