

customers; and two, on the utilization of a formulary system to avoid a lot of duplication.

Mr. GROSSMAN. Have you been in touch with the industry on this one point you raise about whether you would be able to buy at the same rates that the hospital formularies would be able to buy or are now able to buy?

Mr. STEEVES. No; but the problem is, Mr. Grossman, that you might not be able to purchase the identical product from the same company, but you can get a comparable price under the formulary system. If the Government can buy, let us say, prednisone at \$1 a hundred, you can find other products on the market that are a dollar a hundred.

Mr. GROSSMAN. This is just the kind of thing that I think you are talking about that the industry could do, it is the kind of thing that the insurance industry is moving into, and I see no reason why the pharmacists would not want to expedite this kind of thing and try to show you are going to make a contribution in these areas.

Mr. STEEVES. We have said that we would.

Dr. APPLE. We would welcome any pronouncement by any pharmaceutical manufacturers of such decisions or a pronouncement by the Pharmaceutical Manufacturers Association that this is its new policy.

Mr. GROSSMAN. One of the questions that I have is, What is going to happen to the little pharmacist who has a little store down in his area? Is he going to fight you through the local organization to set up these kinds of things? Have you had any problems with him yet or is this still in a thinking stage?

Dr. APPLE. Well, you are talking about the little man—

Mr. GROSSMAN. The small businessman.

Dr. APPLE. The little man as you refer to him, the pharmacist in practice in the community, is the gut of our membership, and he is the one who is turning to us for assistance and help. He is the one who wants to know, "What can I do that will help me compete with the Government, help me compete with other people, to help me to be able to provide my service more economically so that physicians are not directing prescriptions to discounters and everybody else?"

Mr. GROSSMAN. I take it that these same small pharmacists are having difficulty with the hospital formulary competition; is that true?

Dr. APPLE. Well, the hospital formulary when it works for inpatients in the hospital obviously does not affect the pharmacist who is serving noninstitutionalized patients.

Mr. GROSSMAN. I am talking about outpatient services.

Dr. APPLE. You are starting to get a meld of services between the institution and the home environment. We used to look at the hospitals as a distinct separate world of their own, and the community pharmacy in another world. But that has all disappeared. They are all serving patients, one day the patient is in the hospital, the next day he is an outpatient, and he needs the same pharmaceutical service.

Mr. GROSSMAN. Just one final note then: What would you say then, what are the major impediments to setting this kind of thing up in the Woodlawn area of Chicago or in New York, in Bedford-Stuyvesant, and similar places like that, soon?

Dr. APPLE. I do not think there is a major impediment. I just think it is matter of an educational program. I would say that when phar-