

But the one thing you mentioned which is important is that escape valve that permits the doctor to go outside of the formulary if he decides to do so. I think that is the ultimate saving feature.

Senator NELSON. I take it you agree that the formulary system, if it is a good formulary, is a sound method of establishing the drugs to be prescribed in a hospital; do you not?

Mr. STETLER. We have not opposed it. I think the formulary system has been effective in many of the larger hospitals, particularly where they have people with particular competence that can serve on these therapeutic committees, it has been used as sort of an inventory control in some situations to reduce the cost to the hospital.

Now, that is not necessarily bad, if it is tied in with the sound medical decisions or drug decisions that go into the ultimate listing of the drug products. But we have not taken a position in opposition to hospital or local formularies.

Senator NELSON. What is your view with regard to the adoption of hospital formularies by practicing physicians or by smaller hospitals? In other words, you have a hospital in New York or Los Angeles that has a large number of patients, and all the specialties of medicine practicing there. The formulary is developed by the specialists in all aspects of medicine, along with the pharmacists, and then published for that hospital.

What is your view of a smaller hospital without those facilities adopting this formulary, or of a private practicing physician adopting a formulary to use in his own practice?

Mr. STETLER. I think the test really is, and the one that would govern our reaction to your question—if the doctor decides it for himself, that is, if it results from his independent professional decision, it is agreeable. As far as the decision by even a small hospital is concerned, if it really represents the wishes of the doctors that are going to be governed by it, there is no objection to it. If it is something that is foisted on them by the administration, or somebody that cannot speak for the medical judgment within that hospital, then it is probably wrong.

Senator NELSON. Well, would you agree or disagree that it is a very sound and beneficial approach to use a formulary system and make it available from distinguished hospitals, and to encourage doctors to use a formulary that has been developed by the great variety of special expertise that a hospital has?

Mr. STETLER. I think that depends on the local situation. If, in the opinion of the doctors that are governed by it, it does not impede their practice, or thwart their individual decisions with respect to drug therapy, then it is a fine, valid procedure. If it impinges on any of those things, then it is probably not good.

That means it is going to be difficult to transplant a formulary that happens to work at one particular hospital to every other hospital situation around the country.

Senator NELSON. I wasn't suggesting the question compulsion. I was simply suggesting that because there are 7,000 different drugs and 21,000 brands of these 7,000 drugs, it is really hardly possible for a practicing physician to be aware of the best selection to be made unless he is in a very narrow specialty, and only uses a handful of drugs.

My question is whether it would be a good educational device, good