for the practice of medicine, and good for the patient. Should not the use of the formulary system be encouraged—not compelled—but encouraged? Would you not solve a lot of problems if the physicians practicing in New York City or Chicago or any place else had available to them a formulary developed by a distinguished group of clinical specialists in all aspects of medicine, so that they could use such a formulary in their daily practice? And, would it not be beneficial to the patient?

Mr. STETLER. Just commenting on that, I really think the fallacy that exists is the impression that a doctor, any doctor in practice any place ever gets close to 7,000 drugs.

Senator NELSON. I have not suggested that.

Mr. STETLER. No—I am just commenting on that. Because the need to solve all these problems for a doctor in terms of how many drugs he must be conversant with is not as big as some would indicate. I have a hunch that most doctors in their practice probably routinely use no more than 25 or 50 drugs.

I think it would be a good exercise for some hospitals to just keep track of all the prescriptions written by their medical staff in a year, and see how many drug products are involved.

I think you could devise a formulary after that that would not be very restrictive, and would probably accommodate the great bulk of the needs or the prescribing habits of the doctors that operate on that staff. And it would not approach anything like 7,000 products, even for a hospital.

I am not in disagreement. I am not saying formularies are bad. I think when they are devised and administered, taking into consideration the needs, the wishes of the doctors, and it can be done without really leaning on them—then I think it can serve a good purpose for all—for the hospital, and for the doctor, and for the public.

Senator NELSON. One of the problems, as you are aware—your association and the industry people raise it very frequently—is the reliability of drugs, the problem that perhaps some of the generic drugs do not meet USP standards.

Since a private practicing physician does not have the facilities to do the testing, and cannot always have the consultation of distinguished specialists, there may very well be a tendency for him to stick to a drug priced far higher than it ought to be, when in the hospital formulary they are using the same drug at a fraction of the cost. And from a patient's viewpoint, in terms of cost, the doctor is charging this patient much more than the patient ought to be charged. The doctor may not be aware of the alternative drugs, or he may be concerned about prescribing one that he does not know, whereas the hospital may be using generic or trade-name drugs that are much cheaper.

This is one part of the question I am getting at.

Mr. STETLER. I am going to get into that in a little bit.

There is no question in our minds—there are valid and serious differences between drug products, and just because they have the same generic name, you cannot equate that with therapeutic effectiveness. That is a little bit of a side issue. But it is certainly germane to the point.

I would also say I am sure there are individual and I hope rare situations where a price disparity might be handled by a knowledge-