in a disadvantaged area as in any other area. I do not think we should consider it just in terms of a disadvantaged area.

Now, if there is any rationale to such a formulary, it has to be based on medical considerations not price. If you base it strictly on price, you run a direct risk of ending up with a listing of second-class drugs, and you do not want that for your disadvantaged areas. Obviously—those people are entitled to the same quality of medical care, including drugs as anyone else. So I do not think you can think of a community formulary just in terms of a disadvantage area. If there is any rationale to the concept, I think it would go across the board.

Mr. GROSSMAN. You would not say that hospital formularies dispense second-class drugs?

Mr. STETLER. No. And I am not saying your concept would. I am just saying the further you get away from the individual doctor, and that individual medical decision, with a formulary, the better chance you have of making arbitrary decisions that do not reflect his individual views.

Mr. GROSSMAN. Let me just ask one final thing. It is kind of on a broader plane. I think I started on this this morning, and I am still concerned about it. I still foresee this controversy going on and on and on.

I can be assured when Dr. Goddard comes out with his new study—where are we going to be. Are we in any better position than we are right now? In other words, what is going to happen in the long run, what is the industry going to do?

Mr. STETLER. I think that is a very legitimate question. And again I will give you a personal reaction to this, because I want to make sure you understand this is not an industry concept.

I believe that one of these days or years soon we are going to have to take nother look at the theory or the rationale of the Food and Drug Act.

I do not believe that we are ever going to get to a position where we can say with assurance that there is equivalency among drug products, given the base from which we start.

Now, you can ask five people, and you will get five answers, as to how many manufacturers of prescription drugs there are in the United States. A good figure to use is 1,500. Now, when you realize that our 136 members make 95 percent of the prescription drugs, 5 percent are being made by some 1,374 drug companies.

Now, they must have some rather insignificant or small operations. They may be rather short in quality control. I am sure they are not getting the inspections that we get from Food and Drug, and let me say I would not do it any other way, if I was FDA.

Mr. GORDON. Dr. Goddard says there are not that many manufacturers.

Mr. STETLER. I said you can talk to five people and get five different answers. And that is true. But I think what we should have, so that this question could be resolved, in our registration of manufacturers, we should know, not guess, how many manufacturers there are, how many distributors there are, how many repackagers there are. The fact is today we do not know.