hospitals—non-profit or Government-operated. Here the widest variations exist and from this area of pricing, evidence is deduced that other pricing is non-competitive, unreasonable and unfair. While many pharmaceutical manufacturers maintain so-called hospital pricelists, most hospitals, large and small, find ways to buy their requirements at lesser figures particularly on important large volume products which bear relatively high-price tickets to start with. It should be understood at once that Robinson-Patman does not apply to non-profit institutions who are, per se, not juged to be in competition with each other. Therefore, while Walgreen Drug Co., the largest drug chain in the country, pays $5 for a bottle of a brand of diuretic tablets even if that purchase is repeated a 100 times in a week as compared with the one-a-month $5 price for the item by an independent pharmacy, a large hospital can and often does beat that price down to $3.50 or less, and even the small hospital can expect to get at least 10 percent off the retail price if it has any buying acumen at all. This is done by one or more of several procedures which hospitals are using to ever-increasing effect as their size and importance grow under current expansive trends of medical treatment supported by Government and insurer funds. Request for competitive bids, formation of buying associations, threat to manufacture or subdivide themselves, control over brand specification within its own walls by therapeutic or formulary committees, exposure of products to large numbers of physicians who can be expected outside the hospital to use a product with which they have become familiar within—such usage incidentally, at considerably higher prices—all these things contribute to the hospital's ability to obtain drug products at lower prices than the retailer or wholesaler.

Senator HATFIELD. Mr. Squibb, could I interrupt here? What would happen to prices if the Robinson-Patman Act were applied to hospitals, in your opinion?

Mr. SQUIBB. The prices would firm up, take the same rigid nature that they have in the retail trade. The manfuacturers would probably welcome it in terms of removed competitive factors in pricing to hospitals. Somewhere in the middle of the present wide range you would have a hospital price that would be arrived at after a little give and take for a while. There would be a rigidity of prices and a lack of competitive bidding, which I think would tend to raise the overall average of drug prices very substantially.

Senator HATFIELD. It would raise the prices?

Mr. SQUIBB. It would raise the average.

Senator HATFIELD. Would the companies be able to establish uniformity on prices? Would they be subjected at that point to——

Mr. SQUIBB. Oh, no, they do it themselves. They have a list. They would set a hospital pricelist. The price would be $5 or whatever on an item and that would be the published hospital list price available for all to see, including the Government regulatory agency. The price would be $5 and there would be no hospital large or small of any type which gets anything different than $5. It could not, if Robinson-Patman were applied. This would be the price, just as $5 or whatever the price may be to the retailer.

Now, they could have quantity discounts to hospitals, but they would be published quantity discounts. There would be a 25,000 price