has to be done with all kinds of considerations. But it is their judgment, absolutely their own judgment.

Mr. GORDON. Am I correct, Mr. Squibb, in assuming that what you are saying here is that the original reason for passing the antisubstitution laws no longer exists?

Mr. SQUIBB. No. The original reason does not exist as the primary reason.

Mr. GORDON. Primary reason?

Mr. SQUIBB. The primary reason. Of course, you see when the substitution laws were passed 10 or 12 years ago there wasn't any consideration that the State itself would be a purchaser of drugs to any substantial degree at all, and the laws were to control individual retail operations in terms of substitution. Now, when you come and set yourself up with a formulary, deciding which drugs are going to be prescribed and what price limitations you will recognize, and then you have a substitution law which forbids the retailer to make changes, he is in quite a box. He is in an impossible situation. He has to supply a drug, at a price level at which he cannot buy it, or else break the substitution law.

Mr. GROSSMAN. Mr. Squibb, may I ask you along the same line, what would you think of repealing these laws, in view of the position that if a doctor wants to prescribe a certain drug, that he should be entitled and he should know that his patient will get that particular, even if it is a brand name, drug? In other words, don't you think the doctor has every right to make this determination?

Mr. SQUIBB. There is no question about it. The doctor should make and must make the determination, and nobody else.

Mr. GROSSMAN. And that there should be no substitution, if that is what he decides that he wants?

Mr. SQUIBB. There should be no substitution if he decides that is what he wants. Unfortunately there were examples when the substitution laws were passed that this was not always carried out.

Mr. GROSSMAN. So then there is still a place for antisubstitution laws?

Mr. SQUIBB. I think there is still a place for the substitution laws. Unfortunately these are similar to police laws. Any professional man who holds the title and license of a pharmacist in properly carrying out his profession does not alter the prescribed medicine without permission. On the other hand, a law seems to be required because there unfortunately seems to be those who will do it, for reasons of either laziness or greed or other purposes.

Senator NELSON. Just one point here. In a hospital it is a clear-cut case where there would not be any substitution, or rather the formulary will be used by the physician as agreed in the hospital. Then as I understand it all of them permit an exception when some physician says, "I want to make an exception for this reason," and they permit it. The exception is rare because they do use the formulary. But when you have a formulary for all practical purposes the vast majority of the drugs that are used have been decided upon by a committee and the doctor selects from that list?

Mr. SQUIBB. That is right.