

FULTON COUNTY,
COMMISSIONERS OF ROADS AND REVENUES,
Atlanta, Ga., May 30, 1967.

Subject: Prices paid by Fulton County for purchase of certain drugs.

Hon. GAYLORD NELSON,
Chairman, Monopoly Subcommittee,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: This will acknowledge your letter of May 19, 1967, requesting certain information on drug purchases made by the Fulton County government. Before answering your questions, I want to supply some background information about the drug prices presented to your Committee.

Fulton County is not a major purchaser of drugs. In 1966, which is a typical year, we spent only \$22,282.43 for drugs for five County agencies—Haven Nursing Home, the Department of Public Health, Fulton County Jail, Fulton County Juvenile Court and Detention Home, Fulton County Public Works Camp. We do not purchase drugs for Grady Memorial Hospital, which is the major hospital for indigent persons in Metropolitan Atlanta.

The request for information on drug prices came from Mr. Marvin Gersten, Acting Commissioner, Department of Purchase, City of New York. It was sent to the Purchasing Agent of the City of Atlanta. Since the City purchases practically no drugs, the questionnaire was sent to Fulton County. Actually Grady Memorial Hospital should have received this questionnaire since they are large users of drugs and purchase in large amounts. This would have given you a comparison between large drug purchasers. Grady Memorial Hospital is operated by an independent Authority which is financed by Fulton and DeKalb County governments.

When our Purchasing Agent, Mr. F. T. Farran, received the questionnaire, he noted the urgent nature of the request. To quote from Mr. Gersten's letter, "Because of our urgent need for this information, we have been forced to undertake this project on an expedited basis. One of my staff members will be calling your office in a day or two, and we hope that with the list we have sent in front of you, you will be able to supply us with as much information as possible over the telephone." A copy of Mr. Gersten's letter is attached.

Since it came to us through the City of Atlanta, we received it on the same day that the information was desired. A check of the 25 drugs contained on the questionnaire accompanying Mr. Gersten's letter revealed that Fulton County had purchased only 6 in the last 18 months. We compiled information on prices paid on these 6 drugs from our records and then, in order to complete the questionnaire, the Purchasing Agent called one of our local drug wholesalers and asked for quotations. No bids were taken, no purchases were made, and no public monies were expended as a result of these telephone inquiries. As it turned out, the prices received on the telephone were not, in most cases, competitive and obviously would not have been accepted by the County. Therefore, most of the information presented to you by Mr. Haddad did not represent actual prices paid by Fulton County for drugs purchased and, therefore, should not be used by your Committee as a basis for action.

To turn now to the specific information requested in your letter, of the ten drugs listed in the attachment to your letter, Fulton County purchased only two:

Tetracycline Hydrochloride 250 mg (1,000).—On January 31, 1967, Fulton County accepted a low bid price of \$35 per 1,000 for 7,000 tablets. The price of \$59 per 1,000 shown on your tabulation is incorrect. The drug was supplied by Premo Pharmaceutical Company, which as we understand it manufactures the drug supplied. Bids were requested on a generic basis.

Diphenhydramine Hydrochloride 25 mg (1,000).—On January 31, 1967, Fulton County accepted a low bid price of \$7.00 per 1,000 for 5,000 tablets. The drug was manufactured by Parke-Davis. Bids were requested on a trade-name basis (Benadryl).

In answer to your other questions:

(1) *Does your city buy on a generic or a trade name basis?*

Fulton County buys drugs on both a generic and a trade name basis. A review of recent requisitions from County physicians indicates that about as many drugs are requested on one basis as another. As our institutional physician,