

3850 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

costs. In most, but not all cases, there are provisions for prescribing an unlisted drug when this is clinically indicated.

The drug lists of Norway, Sweden and Denmark are structured to provide only essential drugs for serious diseases. In France, Great Britain and West Germany, formularies are essentially unlimited, and in the last two countries are noncompulsory; all three of these countries, however, are currently considering the use of more restrictive formularies.

In Australia and New Zealand, and in several European countries, formularies have proved to be highly effective in controlling costs. The Australian government, for example, has no authority to set prices for drugs but uses inclusion in the formulary as an indirect means of price control--that is, if the price is considered too high in relation to its therapeutic advantages by a committee of medical advisors, a drug may not be included in the list. New Zealand negotiates prices, but will pay only at the level established for an acceptable chemical equivalent where one is available. Most of the countries have either established maximum retail prices or negotiated price agreements with manufacturers.