not only, as you say, the price factor. But at any rate, we do have in Massachusetts a bill now pending that generic drugs be substituted for brand name drugs. This stems, as I believe, anyway, from legislation that has been submitted or talked about here in Washington.

Senator NELSON. I will have to take another look at that proposal of Senator Long's. I am not aware that there is any proposal pending that——

Dr. ALFANO. There was. I do not believe it is pending now. It was in the previous Congress, I believe. I have not seen it for this Congress.

Senator NELSON. As I say, I do not remember specifically what that bill proposed. I do not believe there is any bill that just gives a blanket authorization to a pharmacist to substitute a generic for any brand name. I might be wrong, but I do not recall that there is such a proposal.

There have been proposals that would require, as I said, reimbursement only at the generic cost. That, ultimately, I suspect, will become the law in public-funded programs, because of these dramatic cases of price variances of equivalent drugs. You may be familiar with the Medical Letter case on prednisone. The price varied from 59 cents for 100 tablets to $17.90 for 100 tablets of the brand name Meticorten. This is just to the druggist. The Medical Letter flatly asserted that in their chemical tests and in their consultations with clinics, they were all of therapeutic equivalence, and they listed 22 of them. I suspect the public is not going to use public funds very long to pay $17.90 a 100 plus the markup, when the drug is available at 59 cents. Would you think they would?

Dr. ALFANO. No; I agree with you. But I do not believe that because you have a case or several cases, that should change the system. As I understand it—excuse me, Senator—the medical profession has a way of correcting this. You are speaking of Schering's product, I believe.

Senator NELSON. Yes, sir.

Dr. ALFANO. They had 100 percent of the market. Now they have, what is it, 5 percent, or less than 5 percent of the market.

Senator NELSON. They get a large percentage of the retail market, but they do not get very much of the general hospital market, the city of New York, institutional markets, Defense Supply or Veterans' Administration, because they get outbid all the time. The interesting thing about it, and this is true of all brand names, is that no one who testifies on this question ever explains the reasons behind this. After our hearings, Schering reduced the price on its Meticorten—prednisone—from $17.90 for 100 to $10.50. Parke, Davis reduced their price of Paracort—prednisone—later from $17.88 a 100 to $3.25 a 100. It is perfectly clear to anybody that Schering is gouging the public, but they can do it because doctors write the name, "Meticorten." If they write Meticorten, that is all the pharmacists can prescribe.

At that time, they were selling to pharmacists for $179 a thousand. That was the equivalent of their $17.90 a 100. However, to New York City, they offered it at $12 a 1,000. They wanted the New York City bid and knew they would be in competition. That is $1.20 a 100 versus the $17.90 they were charging the pharmacist on the same day, across the street from city hall. New York City awarded the contract to Lannett, who bid $4.58 a 1,000, which is 45 cents a 100.