testify that they do a lot of research and use new drugs and so they are entitled to certain rewards and, of course, they get that in a 17-year patent. They are not entitled to anything after 17 years except fair and honest competition. But they do not get fair and honest competition in the marketplace even after the 17 years. The doctors are in the habit, after 17 years, of writing the brand name and they continue to do so.

I have had doctors say to me, when I explained the price differential, well, I have been writing Meticorten for x number of years and I suppose I will write it the rest of my life. That is the attitude of physicians, even though their patients could get it at one-thirtieth the price.

Now, I would like to ask you a question on this point. How would you explain that Schering, who sells for $179 a 1,000 to the pharmacist here, sells it in Berne, Switzerland, for $43? In other words, $17.90 a 100 here versus $4.37 in Berne, Switzerland, after assuming the cost of packaging and shipping it overseas?

Dr. ALFANO. Senator, first, I would like to say I am certainly not trying to defend the drug company, trying to justify some extremes in cost of drugs. I cannot explain various extremes in costs of drugs. I am not in the drug industry. I do not know these factors.

Senator NELSON. Well, I do not want to be unfair to you. I ask because the pattern of your testimony, like the pattern of a number of other very distinguished physicians who defended the pharmaceutical manufacturers—take their line on brand name, on the cost of the services they get, on every single point the pharmaceutical manufacturers make. Therefore, I think it is fair to raise the issue of the wide price differences with those who defend the arguments of the manufacturers. That is what a good part of this hearing is about, the fact that the doctors say we cannot rely on anything but brand names. Strangely, the best hospitals in America, the Defense Supply Agency, and the Veterans' Administration, all buy large amounts of generics. They have their own pharmacologists, they take competitive bids. They find no diflerences in those drugs versus the brand name drugs.

Dr. ALFANO. I know, Senator, but if I had the facilities, if I had the setup that the Defense Department has for investigating drug firms and testing out the drugs, I could purchase a large number of drugs and use them because I have tested them. As I understand, they reject what is it, 40 to 50 percent of the drugs submitted to them. But they, I think, are the only facility capable of testing as they do.

There was another point I wanted to state. The patients in this country are not that naive. I have had patients come back and complain of the cost of a particular drug. They make known to the doctor the cost. The doctor, in turn, will make it his business to find out what the costs of these particular drugs is when patients come in. It is not that this is unknown to the doctor. He does not know the cost—I believe that is the history of Meticorten. He had no choice, he had to use the higher priced drug, but as qualified drugs, so to speak, came on the market, the doctors used them. That is why Schering's share of the market has dropped. Otherwise, it would be as high as it was in the beginning. If, as you say, the doctors are brainwashed, are creatures of habit where they are not thinking concerning the cost of drugs.