

Senator NELSON. With respect to the use of the phrase "brain-washed"—I only use it on the question of price and brand name. I am not using it any other way. In other words, all I am saying is the promotion is so effective that doctors become convinced that they should prescribe this particular brand name, and that holds the price of that brand up. As an example you can take almost any drug you want in which there has been a patent, it has been on the market a long time, the patent runs out. That brand name still holds a very strong place in the marketplace at a very high price compared to other available drugs.

For example, we can take dextroamphetamine. Smith Kline and French put out Dexedrine. They charge the pharmacist \$22.60 for a 1,000 five-milligram tablets. They offer it to the Defense Supply Agency for \$1. So, while they are convinced that because of their promotion, their brand name Dexedrine is going to be written by the doctor and there will be no substitute, they charge \$22.60. When they want the Defense Supply Agency business, they bid \$1. That is incredible to me.

In New York City, they did not bid, but the winning bid was 57 cents. So, New York is buying dextroamphetamine at 57 cents for a 1,000. The poor customer in the retail market place is paying \$22.60 plus the druggist's markup, for Dexedrine, for the very simple reason that Smith Kline and French, through a vast program of promotion, has convinced the doctor to write Dexadrine. He writes it and his poor patient is paying \$30 and \$35 when New York City is buying it for 57 cents. That is what I am talking about when I say the companies have done a magnificent job of selling the brand name.

Every witness who comes in to testify on the side of the company gives that line of argument. They never answer why it is that they are able, the same company, to charge \$22.50 and then turn around and offer to sell it to the Government for \$1 when they have competition.

Dr. ALFANO. Certainly as I said before, I cannot speak for the drug company on their costs. But I can say that the drug—not that the drug company sells the drug. The drug sells itself. The doctors have used it and found it works and they know how it works. Therefore, they will continue to use it until they have another product that will come along that will do the job and cost less, but not use a drug because it costs 10 cents versus a drug that cost \$1. A doctor first must consider the condition he is treating and his patient. Secondly, the cost factor comes into treatment, not primarily.

Senator NELSON. Well, of course, to all the hospitals that have a formulary and to the Defense Supply and to all the rest, cost is a very important factor to them. Every major hospital in this country has its own therapeutics committee, sets up its own formulary. In that formulary, you will find brand name drugs and you find generic drugs, lots of them. The formulary, as you know much better than I, is designed by the best clinicians, representing all aspects of the profession in the hospital, along with the pharmacist and so forth—a group evaluation of what drugs should be in the formulary. They do not pay anywhere nearly as much. In fact, you find the brand name companies bidding to the hospitals, just as they do to Defense Supply Agency, at a price way below what they are charging the pharmacists, because the brand name does not do them any good with the