Senator NELSON. I would not say he would have to be governed, by any means. All I am saying; for example, is "I am a doctor, I am trying to help my patient, trying to get the best drug. If I am a sole practitioner, I like to get the best sources of information possible. I would be happy to check with the hospital and say, what are you using for prednisone? I have been prescribing a brand sold to the druggist for $17.90, and costing my patients, with the markup, $30 or $35. What do you use?"

They say, well, we are using Merck's at $2.20, Wolins at 59 cents.

What is your experience? Very good. We cannot find any difference.

That is the sort of thing I would consider; that the collective judgment and practice and experience of that hospital might be very useful to me and I would be glad to get that information.

But in any event, 88 percent of the accredited hospitals in America use a formulary. None of them that I know of—that is, of those who testified—have a formulary in which it was compulsory under all circumstances that the doctor use the drug in the formulary. If he has a specific reason for desiring a particular brand name, he has that leeway.

Dr. ALFANO. I do not believe they have any choice. The medical profession would not stand for a closed type of system. They would not go for it. The patients are their prime concern, not the hospital pharmacy or whatever it is in ——

Senator NELSON. What happens is that as a matter of practice, most all the drugs prescribed in the hospital come right out of the formulary. The exception is rare, percentagewise.

When the hospital in Atlanta went to a formulary 2 or 3 years ago, the doctors testifying here said they saved, I believe it was, a quarter of a million dollars and that they found the generics they used to be very good.

Dr. ALFANO. I think there are two different systems of formularies, though. There are some hospitals that you are required to use these particular drugs in. If you write a trade name, they will give the drug in stock for that drug. Then, there is a system whereby a formulary does exist and it is permissive as far as you may or may not use it, depending on how you feel concerning your patient at that time.

Senator NELSON. I imagine there are hundreds of them, so there is a great variety in their use. I only wanted to make the point that—of the doctors who testified here, those practicing in a hospital with a formulary—these doctors said that within their hospital any physician desiring a specific brand name, though it might not be in the hospital formulary, would be free to prescribe that particular brand. No one would quarrel with that.

Dr. ALFANO. You may rightly ask how does the cost of the drug interfere with the physician-patient relationship—does a more costly drug improve this relationship? Of course not. But anything that shakes the confidence of the physician or patient interferes with this necessary relationship. A physician who writes a prescription for a particular medication knowing full well that the pharmacist will substitute a generic drug in filling the patient's prescription does not have the confidence that the drug received by the patient will do the job. The doctor prescribed a known drug but the patient will take an unknown product. Will the generic drug have more of an effect than