of shattering were going on. If there were, perhaps the hospital should be required to continue to use on that patient the same generic drugs, the same brand drugs, so that the patient's confidence would not be shattered when the doctor changes from a generic to a brand or from a brand to a generic.

All I am saying is your argument is full of holes. It works both ways.

Dr. ALFANO. I do not believe so, because you are talking about a formulary system. The staff has a formulary committee. The staff then submits the drugs they wish to use. You have a staff that have on the formulary the drugs they wish to use, the drugs they use on their patients, inside the hospital and outside the hospital. There is no other change, no other outside force that comes between them. The formulary system belongs to the staff and is controlled by the staff.

Senator NELSON. Correct.

Dr. ALFANO. They have the drugs they wish on that. So it is not the same as you say, that they can have one drug in the hospital and another drug outside. The doctors on the staff submit the types of drugs they want on the formulary, because the formulary is derived primarily for the benefit of the patients and the staff, secondarily, for the cost. And I am sure—I do not have the figures, but if the hospital bought a large amount of a drug, a trade name drug or a generic drug, their prices or cost would be less than if they bought smaller amounts for, say, individual medications rather than a wholesale purchase. So there is a savings on both generic and trade name drugs.

Senator NELSON. There is no question about that. All I'm saying is one of the purposes of the formulary is economic. That is one of the purposes. The fundamental, primary idea in the selection of any drug is to be sure that you have a quality drug that does what the drug is supposed to do. That is fundamental. There would not be anyone who would argue about that.

Then another factor is the economics and it is an important factor, the difference between $17 a hundred and 59 cents is quite a bit. Any hospital that used a substantial number of drugs but did not develop a formulary to take competitive bids is a poorly managed hospital. When they design the formulary, they design it to be used. The testimony of the witnesses here is that it is used and it is the exception when a doctor insists that he wants to give Meitcorten or Paracort instead of Merck's prednisone or Wolin's. If he has a reason, he may. But that is the exception.

So patients are going into hospitals and often going back to their own or another physician, who is not associated with that particular hospital. And this physician decides that he will prescribe Meticorten instead of Paracort and the little red tablet becomes a little yellow one and you have shattered the patient's confidence. That is all I am saying. It works both ways.

So to use your argument, you just turn it around and use this one. It happens all the time. I wonder about how much shattering, but I suppose it happens.

Dr. ALFANO. I know it happens.

I recently spoke by telephone to a colleague at the Naval Air Station, Alameda, Calif., and asked if he had any problems with generic drugs versus brand name drugs. At the naval air station it is customary to use both brand name and generic drugs. He related one experience