

"generic equivalency." The advocates of the purchase of generic named drugs, on the basis of economy, are only correct in a comparatively few cases.

1. The report of the study of this problem by the AMA asserts, "Except in a few cases, there is no economy achieved in the purchase of generic named drugs."

Senator NELSON. May I interrupt there a second?

Dr. KRANTZ. Yes.

Senator NELSON. About a year ago, two drug chains, Peoples and Gray's—I am going by memory here—I think representing about 300 drugstores, both announced that they were going to stock a line of generic drugs, that the manufacturer would be Strong, Cobb & Arner.

Dr. KRANTZ. The Cleveland company? I think it is the Cleveland company; a very fine company.

Senator NELSON. They have a good reputation, I understand. This is on price. The stores have announced that the average price of their generic drugs would be one-half the price of the brand names, on the average. So that is in direct contradiction to the AMA report.

Is this a study that the AMA did about a year ago in December?

Dr. KRANTZ. And published in their newsletters.

Senator NELSON. I am going to have to take another look at it, but I think there were some fatal defects in it. They did some buying at drugstores and then announced a price. They made purchases at the retail level and ended up by saying that they did not gain anything in price. This is very simple to explain.

Under all the laws of this country, if a doctor prescribes a generic name, the pharmacist can supply anything he wants, any brand. If he prescribes a brand name in some 40-odd States, there can be no substitution. Maybe it applies in all States now, I do not know. But I think it is 42.

Now, all that happens is that if you go to a drugstore, as the AMA, I understand did, and you ask for prednisone and the store is only carrying meticorten, you pay the same price as if you went into the store and asked for meticorten.

So I was impressed by that study of theirs, really, because I think that was a fatal defect in it.

I shall look at the record and be sure I am not mistaken in what I state here. If I am, I shall correct it.

Dr. KRANTZ. Senator, if you follow this suggestion, you will eliminate all those worries. You will not have that problem any longer.

Senator NELSON. Well, I think the suggestion made—we have had some testimony along this line of simplification, and I think the suggestion you make here is a very simple one and might very well be exactly what ought to be done.

Dr. KRANTZ. May I continue?

Senator NELSON. Yes.

Dr. KRANTZ (reading). 2. The purchase of generic-named drugs on price from manufacturers of unknown reputation involves the risk of an inferior or even an ineffective product. This is tantamount to throwing dice for the destiny of the patient.

Senator NELSON. Might I say there, Doctor, we mentioned Strong, Cobb & Arner. I am not qualified to make any independent judgment of my own about the quality of any product put out by any company.