

STATEMENT OF L. O. SIMENSTAD, M.D., OSCEOLA, WIS.; MAX H. PARROTT, M.D., PORTLAND, OREG.; MEMBERS OF THE BOARD OF TRUSTEES OF THE AMERICAN MEDICAL ASSOCIATION; ACCOMPANIED BY BERNARD HARRISON, DIRECTOR, LEGAL DEPARTMENT, AMA; THOMAS HAYES, M.D., EXECUTIVE SECRETARY, COUNCIL ON DRUGS; JOHN TALBOTT, M.D., EDITOR, JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION (JAMA); AND MARVIN L. ROWLANDS, JR., EDITOR, AMERICAN MEDICAL NEWS

Dr. SIMENSTAD. We would rather read the statement and then have the questions. Is that satisfactory?

It will not take long.

Senator NELSON. That is fine.

Dr. SIMENSTAD. Mr. Chairman, I am Dr. L. O. Simenstad, a practicing physician from Osceola, Wis. With me to present the statement of the American Medical Association is Dr. Max H. Parrott, a practicing physician of Portland, Oreg. Dr. Parrott and I are members of the AMA board of trustees. We have with us selected members of the AMA staff, Marvin L. Rowlands, Jr., editor of the American Medical News; Dr. John Talbott, editor of the Journal of the American Medical Association; Bernie Harrison, director of the legal department; and Dr. Tom Hayes, director of the department on drugs, so that we can provide you with the information that you may require.

Mr. Chairman, when Dr. Annis, who was then a member of the AMA Board of Trustees, appeared before this committee in behalf of the association, on March 18 of this year, he presented a 24-page statement with many exhibits. His testimony, which had been prepared so it would be responsive to this committee's needs, included the subjects of AMA advertising, advertising revenue, our views on a drug compendium, and prescription labeling. Included in the exhibits were: a copy of an AMA annual report, with financial information; lists of AMA publications; copies of the principles governing the advertising of the AMA publications; financial information with respect to advertising rates and revenues in the publications of the association; the 1969 AMA budget; and excerpts from publications, including a copy of the chapter on anticonvulsants, to be published as part of the new association book "AMA Drug Evaluations."

It is our intent to be as helpful to the committee as we can be, by contributing to a discussion which could help Congress, industry and the profession move toward an advanced system of health care, particularly as it involves drugs. We hope that this will be the tenor and intent of these hearings today.

Mr. Chairman, we have reviewed the seven questions contained in your July 14 letter ¹ and which you asked that we answer at this time.

¹ The information follows:

U.S. SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
July 14, 1969.

ERNEST B. HOWARD, M.D.,
Executive Vice President,
American Medical Association,
Chicago, Ill.

DEAR DR. HOWARD: This is to supplement my letter of June 5 concerning your appearance before the Senate Small Business Committee's Monopoly Subcommittee on August 7.

The subcommittee would find it very helpful if you would discuss the following questions:

1. What are the procedures followed by the AMA in accepting advertising from drug firms? For example: Who determines whether an advertisement is consonant with the