

generic name. This strips away the brand name cloak under which product similarity may be concealed and price escalation practiced without restraint.

Senator NELSON. I do not quite follow how it works. What do you mean that you are monitoring the requirements that pharmaceuticals be identified by generic name? Where do you do that? In what part of the process?

Mr. DWINELL. On the invoices which are subject to our audit.

Senator NELSON. I don't see that that reveals anything.

Mr. DWINELL. And any advertising for procurement by the importer.

Senator NELSON. As I pointed out before, we have a whole series of brand name products here. Our list does not include all of them.

They end up ordering a brand name duplicative product that is very expensive. Does carrying the generic name on the invoice do anything about stripping away the brand name cloak?

Mr. EYTAN. What we are saying in the statement is that we always know precisely what it is that we are financing. It is not possible for a company to give a mumbo-jumbo description on its invoice. After all, the American seller deals privately with the foreign firm so that by insisting that alongside any special nomenclature the generic description of the drug appears on the invoice, and alongside any mumbo-jumbo description of the drug in its advertised solicitation, which the importer engages in before concluding his contract, a generic description of the drug also would appear.

We assure to ourselves that on post audit we will know exactly what the item is so that no one can push on us an argument that this drug is really different, it is an exotic something.

We know exactly how to proceed in our post audit efforts.

Mr. BARONDES. May I elaborate on that?

Senator NELSON. All I would say is that they do not fool you in that way, but they do foist off on you some rather exotic prices.

That is the problem, and that is as clear as a bell all the way through.

Mr. BARONDES. Senator, this is in a difficult area. There are apparently generic names and generic names. There are certain generic drugs which are apparently pretty widely recognized—I am not an expert on drugs—let us say penicillin, or some other product which most of the companies will be selling. We will then, in these cases, compare the prices, regardless of brand names, with the sale of other products of the same generic nature. But then you get into other areas where each company has its own generic cubicle. These types of products are more difficult to compare.

Senator NELSON. They each have a trade or brand name, but all of these products are different tetracyclines and the price ranges from \$100 to \$2,200, yet the Medical Letter, which has great prestige in this country, evaluates tetracycline hydrochloride as the drug of choice. They consulted with expert physicians around the country and concluded that all the tetracyclines are therapeutically equivalent. If the purchaser knew this, he would buy the cheapest one of the tetracyclines.

He would be buying it at \$24 a kilogram instead of \$2,200. Ac-