Unfortunately, as the chairman and members of this subcommittee well know, the procurement of drugs is considerably more complex and complicated than almost any product purchased both for Federal and private programs.

It has been fraught with controversy and is not free from strongly held divergent opinions. It is an area in which those of opposing views can find competent expert opinions in support of any particular viewpoint as to the safety, efficacy, relative therapeutic merits or—to use a term not often related to human life and health—the cost effectiveness of any given drug, drug manufacturer or therapeutic drug category.

It is an area which, as the Administrator of this large drug-consuming agency, I am convinced does not offer "pat" or unequivocal answers.

It is within this framework that the policies on the selection and procurement of drugs evolve within the Veterans' Administration.

The administrative process does not dictate the selection of drugs which will be prescribed and dispensed in our Veterans' Administration hospitals and clinics. We consider that the judgment of the physician is paramount to all other considerations in the drug selection process.

Senator NELSON. What physician?

Mr. JOHNSON. The VA physician, the physician that is an employee of the Veterans' Administration, as well as those who are on a fee basis with the VA, and I think we come later on to tell you what our policies are, sir, within the VA and what controls we do have.

Senator NELSON. When you say the judgment of the physician, you mean the individual physician who is prescribing for his particular patient?

Mr. JOHNSON. Yes, sir.

Senator NELSON. And that the judgment of that individual physician is paramount to all other considerations?

Mr. JOHNSON. Yes, sir.

Senator NELSON. What is the individual physician's qualifications for making an expert judgment about this whole range of drugs as versus the therapeutic committee?

Mr. JOHNSON. Dr. Wells.

Dr. WELLS. In our VA hospitals we have just over 5,000 physicians about whom we know the qualifications. They also work with the therapeutics committee at the hospitals. This is a fairly well controlled group of people from the standpoint of qualifications.

On the other hand, we use, in addition, approximately 90,000 physicians who prescribe on a fee basis, outpatient to veteran patients. These physicians are physicians of the community. Their qualifications are those that usually pertain to the licensed practitioners who are a member of organized medicine.

Senator NELSON. I have a series of questions along that line but I guess we had better proceed with the statement, and I will get to them later.

Mr. JOHNSON. Thank you, Mr. Chairman.

In this agency his judgment is not made as a matter of unen-