efficacy, known side effects, adverse reactions, extensiveness of use in the medical community, and evaluates these factors together with data on duplication of drugs already approved for local use, the cost of therapeutically equivalent drugs, the ready availability of sources for both routine and emergency deliveries.

After considering all these factors, the committee in approving the drug, will direct a period of clinical evaluation followed by its inclusion in the station's drug formulary, which is available to all physicians on the staff, at every nursing station, and is provided to non-Veterans' Administration physicians prescribing for eligible veteran beneficiaries both in and out of our hospitals.

If the committee does not concur in the proposal, the drug may be approved for use by the physician for a specific patient, but it would not be used for additional patients without subsequent review by the committee for each such patient and it would not be described or listed in the station's drug formulary.

The results of each station's local committee proceedings are reported in detail to the central office executive committee on therapeutic agents.

This central committee provides an overview of the agency operations, provides guidance and assistance to individual hospital committees, and digests and disseminates data to Veterans' Administration personnel through a variety of media.

In considering the selection process of drugs procured by the Veterans' Administration, a little known fact must be borne in mind. The historical picture of drug usage by this agency is one of providing drugs and medicine to hospitalized veteran patients.

We formerly provided a limited amount of drugs from our own pharmacies or through financial reimbursement to private pharmacies for outpatients.

Several recent legislative actions have extensively increased the number of veterans who are to receive drugs and medicines at Government expense.

In fiscal year 1968, for the first time in this agency's history, the total expenditure for drugs provided outpatients exceeded that provided inpatients. This trend has steadily increased in fiscal years 1969 and 1970 and is projected to continue upward.

Many of the prescriptions for these drugs are written by private physicians. Although we provide these physicians with data on our drug selections and our formularies, we cannot, and do not, attempt to control their professional practice by administrative direction.

This growing outpatient workload has increased the number and kinds and brands of drugs purchased by the Veterans' Administration to fill these prescriptions.

This subcommittee has in the past expressed the view that the purchase of drugs on a "generic" basis should be increased. We interpret this to mean the procurement on a competitive basis of drugs formulated of the same primary chemicals. It is the official policy of this agency to request and encourage physicians prescribing for our inpatients and outpatients to use generic terminology or nonproprietary nomenclature whenever possible.

The two forms used by physicians to order medications for patients, VA form 10–1158 "Doctors Orders" and VA form 10–2577d "Prescription Form," contain statements authorizing dispensing of