

that unless we were monitoring the world market prices, which I believe we have not done.

Senator NELSON. That is what I am getting at. Why not?

Dr. WELLS. I really cannot answer that. I think that it has not been a policy, and that is why I say I think we must reexamine our policy in this connection, look at the world market prices; but we, in addition, must be assured of quality control and an opportunity for appropriate inspection by FDA and DOD.

Senator NELSON. Nobody would argue with that. I am just concerned about what I saw last week, where the price is 8,000 percent over the world price. I guess AID could not do anything about it under their particular circumstances and the peculiarity of the way the requests come from the foreign countries, but paying that price or anything near it unnecessarily is a waste of the taxpayer's dollar and I assume that if you could show the competitive price, you would get it met. This has been the case domestically. In New York City, the prices being charged for prednisone were \$17 and \$18 a hundred tablets to the pharmacist, yet on the same day the same company bid \$1.20 a hundred to New York City and lost the bid to somebody who bid 45 cents. I think you have to demonstrate that there is some competition here in order to be sure that you are not paying an exorbitant price.

I would think that you ought to take a look at the prices of the drugs you purchase, and compare them with the world price and see what the difference is.

Mr. GORDON. May I interrupt here?

Since you and the Defense Department are very large buyers of drugs, have you ever considered the possibility of buying bulk, whether overseas or in this country, and then contracting out for tableting and bottling?

Dr. WELLS. For repackaging and reformulating?

Mr. GORDON. That is right.

Dr. WELLS. I do not know, to be perfectly honest, whether this has been considered, if at all.

Mr. WHITWORTH. We certainly have not done any of this.

Mr. GORDON. Have you ever considered it?

Mr. WHITWORTH. To my knowledge, we have not considered it with the military or unilaterally, sir.

Mr. GORDON. Perhaps it might be worthwhile to consider that.

Senator NELSON. On the question of the formularies, I am sure we are all agreed that we have an obligation to establish procedures—at least in teaching hospitals and in Federal institutions—that would maximize the chances of establishing a program of rational prescribing and rational purchasing.

Do I understand from the testimony that each of the veterans' hospital has a formulary committee or therapeutics committee?

Mr. JOHNSON. Yes, sir.

Senator NELSON. And so each veterans' hospital has a formulary of its own?

Dr. WELLS. Correct.

Mr. STATLER. They use the American Hospital Formulary Services as a basis for developing in their individual hospitals.