Dr. WELLS. Then they add whatever is locally required.

Senator NELSON. As you may know from the Task Force on Prescription Drugs, published August 30, 1968, the HEW Task Force on Prescription Drugs recommends the establishment of a review committee, or utilization review, as follows:

> Any drug program utilization review is a dynamic process aimed first at rational prescribing and the consequent improvement of the quality of the health care; and, second, at minimizing needless expenditures. Many hospital staff committees of experts have long taken the responsibility of reviewing their records of their fellow physicians and offering such advice or taking such disciplinary action as they deem necessary. During the past 2 years, utilization review programs have been instituted to improve the quality of the medical care under the hospital program of medicare. Similar reviews are used in several American and foreign drug programs to improve the quality of the drug prescribing.

Has the Veterans' Administration hospitals instituted a utilization review program?

Dr. WELLS. Actually this has long been one of the functions of our therapeutic committees of the hospitals, to monitor utilization as well as the specific selection of drugs. Our great difficulty in this connection is in our fee-basis program, where we have much less opportunity to monitor utilization in the 90,000 prescribing physicians who are essentially part of the private sector.

Mr. JOHNSON. Senator, I would like to ask Dr. Haber to respond further.

Dr. HABER. Senator, I think the question of the control over the types of drugs which are prescribed by our physicians is basically as has been——

Senator NELSON. Basic to what?

Dr. HABER. Basically, as has been elucidated, a function of the therapeutic committee which exists at every VA hospital. Part of their oversight exists in the utilization and review of the kinds of drugs that are afforded the physicians for the treatment of their patients.

Now, the problem is that although all of our inpatients are treated by our own staff, 5,000 physicians employed by the VA hospitals, whose qualifications we have exclusive control over, a certain number of our patients are treated as outpatients. We record about 8 million outpatient visits a year. Of these, the vast majority are performed at VA hospitals by the same 5,000 physicians and by some consultants and attendants, and again, these people are exceedingly sensitive to our methods of control.

The greater degree of the problem comes from those veterans that do not live near VA hospitals, service-connected veterans whose treatment by authorized physicians is permitted under law, and they are the 90,000 physicians, where we have less precise controls, as Mr. Johnson mentioned to you before.

The fact of the matter is that the number of physicians under this program has increased in the last several years, basically because we wanted to give the veteran greater freedom of choice in getting a physician of his own choosing to treat him in his own hometown. The fact further is that the number of prescriptions ordered by these physicians is a small percentage of the total prescriptions which the