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. In this agency his judgment is not made as a matter of unenlightened preference in an information vacuum. Supplementing his own knowledge and sources of information is the approval process at both the local hospital and national agency level. He is also supported by technical and scientific data provided by our Pharmacy Service and cost and market data provided by our Supply Service.

I would like to digress slightly to call the Subcommittee's attention to the unique and extensive affiliation program between the Nation's medical schools and the Veterans Administration. This affiliation program provides us with a vast body of fresh information on both laboratory and clinical research, pharmacological studies, new drug developments, in a more comprehensive and timely manner than otherwise might be available. We make full use of this information and do not, as some have charged of private physicians, rely primarily upon promotional and advertising sources for knowledge of drug products.

The process of drug selection begins at the individual Veterans Administration hospital. When one of our physicians proposes to add a new drug product to those approved for use, he presents his proposal to a Therapeutic Agents and Pharmacy Review Committee. This Committee, consisting of representative members of the professional, technical and administrative staff meets at least monthly to review the drug selection process. Before approving a new product, the Committee considers available data on the item's safety, efficacy, known side-effects, adverse reactions, extensiveness of use in the medical community, and valuates 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 selectian 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