of well-established drugs already in the marketplace? Is that what you are referring to?

Dr. STEINFELD. Among other things, yes. The idea here is that when physicians get together and have available to them expertise from pharmacists who are not employed, let us say, by a particular drug manufacturer, and seek to determine which drug should be available for them and their confrees in a particular hospital, they are less likely to use the very latest drug, maybe the most expensive drug, which simply does the same thing that another drug which had been available for many years would do. So, I think it is a check-and-balance system.

It is a form of group practice so that—rather than each individual prescribing whatever drug he feels might be useful—a group sits together and evaluates the situation.

I should add, Senator, that in preparation for these hearings, I suddenly realized that we do not centrally review the formularies at all of our various installations and that some of these for one or another reason may locally have drugs that we would not consider very good. When I say "we," I am not speaking as if all wisdom resided in Washington at the headquarters of HEW, but rather that "we" would represent the thinking of a collective review of the formularies in all the hospitals. We found some things that seemed out of line. We might very well take appropriate action and make recommendations to that local hospital regarding its formulary.

Senator NELSON. The problem that appears clearly from the testimony of the Veterans' Administration, and yesterday the Department of Defense, is that there is a strong tendency for the hospital therapeutics committee as well as the central purchasing agent, even if they differ with the judgment of the individual physician in the particular drug that he wishes to prescribe, will nevertheless yield to his wishes. That accounts for the fact that the DOD and Veterans' Administration purchase substantial numbers of drugs which are duplicative, with no evidence that they are better than well-established drugs, but they are more expensive. They have in their formularies drugs which the Medical Letter has stated are either ineffective, or ineffective in combination, or not more effective than the established drugs, and yet more expensive.

We have gone through a long list of them and it is clear to me that the therapeutics committee is not nearly as effective at the local level as it ought to be because it defers to the demands of the prescribing physician. In fact, the Department of Defense said yesterday—I do not want to quote, the record will speak for itself—but the essence of what was testified to yesterday was that we have civilian doctors coming into the military service and some of them are young, just out of medical school. We have a hard panel of doctors who are hard to restrain and we cannot refuse to allow them to use the drugs they are used to, know of, or feel they ought to have. That accounts, therefore, for a number of these drugs being in their formulary.

My response to that was that if in a Department of Defense installation, the Defense Department could not insist upon the highest standards and practice in terms of stocking the best drugs and in terms of establishing the best guide rules for rational prescribing,