

drugs purchased by the Public Health Service are single entity products. Over half the combination drugs consist of large volume injection solutions and measles vaccine combined with immune globulin. The remaining products, making up the group generally regarded as combination products accounts for less than 10 percent of the drugs purchased.

Senator NELSON. Eight or 10?

Dr. STEINFELD. I have figures varying from eight to 12 depending on how we do it, so we are picking 10. We have included vitamins in the combination drugs, triple sulpha, in such things as procaine penicillin where the procaine is added to prolong the period of action or to decrease the pain at the time depending on its objective, even though it is a single drug. We have been calling that a combination. Thus, it is apparent that while we do not issue any directives from Washington banning the combination products, the informed actions of the experts in the hospitals who decide what to put in their formularies has led over the years to a significant emphasis on single entity drugs. I think this is good, and I think we will emphasize it even more strongly in the future. There are some combination products that serve a very useful purpose and will continue to be employed. A lot of them, however, do not contribute to good medical practice.

I believe, Mr. Chairman, that our drug procurement operations have successfully contributed to our goal of making available to the Public Health Service physicians and their patients safe, effective drugs that meet recognized standards of purity and strength and that contribute to rational drug therapy.

I think we can also improve our performance. I thank you for the opportunity to present this statement.

Senator NELSON. Thank you. I realize your purchases are relatively small compared to the Veterans' Administration's at \$48 million and the Defense Department's at over \$100 million, and that you buy, as I understand it, over 50 percent from the DOD or VA.

Dr. STEINFELD. Yes.

Senator NELSON. Is any effort made to secure drugs from what are legally classified as small businesses?

Dr. STEINFELD. I think when the bids go out, if all things are equal, the small business would be given preference, but the primary concern relates to the other factors, safety and efficacy. But all other things being equal, it would be small business that would get the bids.

Mr. GORDON. Mr. Chairman, may I interrupt? In exhibit 1 supplied by Public Health Service which is attached to your letter of June 19, 1970, it shows that PHS purchased a total of \$6,192,536 in fiscal 1969. On July 23, 1970, you presented data purporting to show purchases directly from small drug manufacturers for fiscal 1969. Now, these purchases totaled \$589,901. However, of this amount, large companies accounted for \$438,872. You included in small business such companies as Hoechst, Ives Laboratory, a part of the American Home Products, Organon, which is a large company, Philips-Roxanne, a subsidiary of M. V. Philips, a very large company in Holland, Rachelle, which is part of International Rectifier, and that