

Senator NELSON. Table 3.

Dr. BRYANT. Dr. Paul will clarify that.

Senator NELSON. Table 3, page—

Dr. PAUL. Table 3 refers to the prices which are charged in neighborhood health centers by participating community pharmacies.

Mr. GORDON. This is in-house.

Senator NELSON. What does in-house mean, then?

Dr. PAUL. The "in-house" refers to pharmacies in the neighborhood health centers.

Senator NELSON. When you say in-house programs you are talking about OEO.

Dr. BRYANT. I think that is the point to be clarified.

Senator NELSON. What does in-house mean in your—

Dr. BRYANT. In-house means exactly that. It is a pharmacy located within the premises of the center itself, but I think an erroneous impression—

Senator NELSON. That is the way you are using the word "in-house"?

Dr. BRYANT. In-house means located within the premises of the neighborhood health center itself, within the facility.

Senator NELSON. You mean it is an OEO facility.

Dr. BRYANT. It is an OEO-assisted neighborhood health center. Let me explain: there is a grant for a health project, comprehensive health project. One aspect of that is most often a building or facility in which to render ambulatory health care. When we say we have an in-house pharmacy program that means within that building there is a room or series of rooms set aside to be a pharmacy.

Senator NELSON. But the pharmacy is operated by the OEO.

Dr. BRYANT. By the health center with OEO funds. That is an important distinction to make. It is not an arm of the OEO headquarters in Washington. It is a center that is operated by the grantee agency, the Community Action Agency or delegate agency.

Senator NELSON. It is not a privately owned pharmacy.

Dr. BRYANT. Not in the usual sense. It is "owned" by a private, nonprofit corporate entity, the grantee.

Senator NELSON. Then, how would you explain the price of \$38 being paid for chlorthalidone when the Red Book price—the price to the druggist—is \$32? In other words, any pharmacist can get it at \$32.

Dr. PAUL. The pricing in the Red Book, I believe, is an average wholesale price. One individual vendor goes to a wholesale distribution system. The \$38 may very well be a typographical error due to our haste in getting information for you and this we will check and submit for the record, just to clarify this specific point. I think what you may be alluding to is why in this particular instance a pharmacist is being charged \$32 and it is available to another institution such as VA for \$14 or \$17. This is due to the fact that the program in this case was not in operation for a very long period of time. It just commenced operation and so they needed drugs for immediate stocking and they went to the fastest source which was the local wholesaler and they paid this large price but in subsequent purchases they will be going through other systems which will minimize the cost of the program.