

policy. We have another copy here for the information of the committee if you wish it.¹

The Health Services and Mental Health Administration of the Public Health Service has established a committee with members drawn from the several programs that make direct purchases of drugs: Bureau of Prisons; Coast Guard; Division of Emergency Health Services; Federal Health Programs Service; Indian Health Service; and National Institute of Mental Health.

This committee will insure compliance with departmental policy on drug procurement and on drug utilization by:

- a. Developing uniform basic policy on:
 1. Pharmacy and therapeutic committee responsibility.
 2. Drug product admission to formularies.
 3. Drug utilization review committees.
 4. Formulary review.
 5. Nonformulary drug product purchases.
- b. Reviewing a sample of present formularies with respect to:
 1. Duplication of drugs with therapeutic equivalency.
 2. Combination drug products.
 3. Ineffective and possibly effective drugs.
 4. Probably effective drugs when an effective drug is available for the same use.
- c. Monitoring the purchasing of nonformulary drugs.
- d. Approving the selection of drug products to be stocked at the HSMHA Medical Supply Service Center.

In addition to participating in the HSMHA committee, the programs that operate hospitals and clinics have established their own committees to:

- a. Supplement the policy of the HSMHA committee.
- b. Review, monitor and approve station formularies and additions of drug products to formularies.
- c. Review reports of drug utilization review committees.
- d. Review the purchasing and use of nonformulary drugs.
- e. Review present formularies with respect to:
 1. Duplication of drugs with therapeutic equivalency including a cost comparison.
 2. Combination drug products.
 3. Ineffective and possibly effective drug products.
 4. Probably effective drug products when an effective drug of therapeutic equivalency is available.

The reviews and studies of these several groups of experts are now underway. Additionally HSMHA is developing mechanisms to assure that future grants and contracts which are likely to involve the procurement of drugs will require compliance with the departmental policy stated earlier.

Mr. Chairman, your staff has advised me of your interest in the steps our Department has taken and plans to take with respect to the recommendations of the task force on prescription drugs.

The task force was composed of a group of scientists and other experts drawn from within the DHEW. It was assisted by 160 non-

¹ See appendix I, exhibits provided by the Public Health Service, pp. 8233-8422.