Mr. Chairman, I have outlined the status of our actions on 16 of the 25 recommendations of the task force. The remaining recommendations relate to matters currently under study in the administration's development of a coordinated health program for the Nation. As explained earlier, I am not prepared to state departmental or administration policy on these matters at this time.

It is evident that both the legislative and the executive branches are greatly concerned that good drugs be supplied the American people at reasonable prices. The interest and attention of this committee have without doubt been a large factor in the increased attention our Department is giving to its own drug procurement practices.

As indicated in the statement I have just made, and in other testimony you have heard, there are a number of activities being undertaken concurrently within our Department that should increase the effectiveness of Federal dollars used to purchase drugs and serve as an aid to more rational utilization of drugs in medical practice generally.

Some of the more significant developments are the steps FDA is taking to be sure that drugs are effective; improved methods of detecting and reporting adverse effects from drugs; improved communication with physicians on drug questions; the recognition that drug utilization review is an essential tool to insure better therapy at less cost; and the improvement of our management practices in the various components within the Department.

I believe, Mr. Chairman, that we are making significant progress. And I want to thank you for your patience in allowing me to read this very long statement.

Senator NELSON. Thank you, doctor. Do you have any questions, Mr. Gordon?

Mr. GORDON. Dr. Steinfeld, on page one you talk about a Medicare-Medicaid program for inpatients and outpatients—that is, not reimbursing for those drugs which have been found to be ineffective and possibly effective.

Now, how would you be able to monitor these drugs? Isn't it going to be rather difficult because they are on a reimbursement basis?

Dr. STEINFELD. Well, the Social Security Administration and Social and Rehabilitation Service at this point are working with us to try to figure out the best system to implement this decision. It will be difficult to monitor but I think it will be worthwhile and that it will improve patient care.

Mr. GORDON. Are there any figures to indicate how much money will be saved by this new policy—either in direct purchases or as reimbursement? Is it possible to make an estimate?

Dr. STEINFELD. Mr. Gordon, I am not certain at all that any money will be saved. I think the primary result of this decision will be to improve patient care. The physicians who are picking ineffective or possibly effective drugs for various indications will now have to choose either effective or probably effective drugs and they may cost less than, as much as, or even more than, the drugs that are now being used. But this is not a cost reduction device. It is primarily an improvement in the quality of care that we are seeking.