Senator NELSON. It is incredible to me, with all the talk about unbalanced budget and wasting of Federal funds, that the Federal Government and HEW would not implement a policy immediately on prohibiting reimbursement for "ineffective" drugs. I cannot think of any greater waste of taxpayers money than that. I cannot understand why it takes them a year and a half to do it.

On that Mississippi study, it is interesting to note that among the 10 leading drugs arranged by total amount paid, five drugs are specified as "not recommended" or as "irrational mixtures" by the AMA's "Drug Evaluations 1971." Also, one drug among the 10 has been classified as "possibly effective" by the Food and Drug Administration. The Mississippi study states: "This indicates an overall negative relationship between popular usage of drugs and the evaluation of their efficiency and safety by the AMA Council on Drugs and the FDA. It is suggested that this represents a fertile area of professional education."

Go ahead, Mr. Staats.

Mr. STAATS. Continuing on the bottom of page 8. Since 1966 HEW has required that Federal funds be expended only for the lowest priced drugs consistent with acceptable standards of identity, strength, quality, purity, and effectiveness. Information we have obtained on the medicaid program in four States—this is what we've been talking about—shows usage of "ineffective" or "possibly effective" drugs. For example under the medicaid program we found that in Mississippi during a 7½-month period in 1970–71 nearly $90,000 was paid for two prescription drugs classified by FDA as "ineffective" and one as "possibly effective". In Ohio, during four months in 1970, about $138,000 was spent for 43 drugs classified as "ineffective" by FDA as "possibly effective". In Ohio, during 4 months in 1970, about $99,000 was spent on prescriptions for 10 randomly selected drugs classified as "ineffective". See appendix I for a summary of such drugs paid for in Mississippi, Illinois, Ohio, and New Jersey.[1]

In the 1971 hearings, the subcommittee expressed interest in the sources of information considered by physicians in making their selections of prescription drugs.

Two studies, one by Milton S. Davis, Ph. D. and Lawrence S. Linn, Ph. D., under a Social Security Administration grant and the other by a professor of pharmacy and pharmaceutical chemistry, University of California, shows that detail men were the most important source of information to physicians.

The American Medical Association (AMA) in 1971 published a manual entitled "AMA Drug Evaluations" to provide physicians with a convenient source of information for the sound use of drugs. This manual contains an evaluation by the AMA Council on Drugs regarding the effectiveness of drugs, information on the pharmacology and therapeutic indications of drugs, and preparations available, dosage, and generic and proprietary names.

The manual was distributed free to all members of the AMA—about 300,000, of which 170,000 are practicing physicians. Large numbers have also been purchased by the Government, pharmacists, physicians in residence and intern training, nurses, and medical students. In 1972, the AMA began a survey of 2,000 physicians to determine the extent to which this manual has been used. The AMA hopes to complete the survey in June 1972.

[1] See p. 8822.