

Mr. HARDING. Yes.

Senator NELSON. Is it a locally developed formulary?

Mr. HARDING. It is developed locally by the local therapeutic agents and pharmacy reviews committee, with guidance through the executive therapeutic agents committee, but it is a local formulary at that particular station.

Senator NELSON. Is there any review of that formulary by the VA at the national level?

Mr. HARDING. To a certain extent. We work on this all the time. We receive copies of every local therapeutic agents and pharmacy reviews meeting; they have meetings once a month, and we receive copies of every one of their meetings, and in the minutes of the meeting, they tell us what they want to add or what they are removing from their formulary. This way we have a good idea what the trend is all the time.

Senator NELSON. I do not know whether you covered that or I heard you correctly. What do you do about drugs that have been determined by the NAS/NRC as possibly effective?

Mr. HARDING. Our policy is that we will not procure the ineffectives. The possibly effectives will be procured only if the doctor states that there is no alternate means of therapy available.

Senator NELSON. Whom does he state that to?

Mr. HARDING. To his local therapeutic committee.

Senator NELSON. So, if they are in the category of possibly effective, it has to go through that routine before it will be approved, is that it?

Mr. HARDING. Yes.

Mr. GORDON. Are you in a position to estimate the amount of money you will be saving by dropping the possibly effectives and the ineffectives?

Dr. WELLS. Strictly speaking, no. We know that when we drop these, we are going to save the money that goes into that, but the alternate prescribing will take this up in part. It could possibly cost us more money. It is exceedingly difficult to make any rational calculation of that.

Senator NELSON. Well, I would assume that a substantial amount of the drugs that you drop would be the largest sellers in the country such as the topicals and the fixed combination anti-infectives? Isn't that right?

Dr. WELLS. Yes; you mean the largest numbers in terms of dollars that have been dropped out?

Senator NELSON. Yes.

Dr. WELLS. Right.

Senator NELSON. The drugs purchased in place of the fixed combinations, in most cases, if not all, are cheaper than the fixed combinations, aren't they? For example, tetracycline is cheaper than tetracycline combined with novobiocin under the brand name Panalba.

Dr. WELLS. No question about it. There are savings to be made with in drug categories, but when you try to project that to the total expenditure of the system, we cannot really come up with an all-over savings related to that.

Mr. GORDON. The Comptroller General, when he appeared before the subcommittee last month, stated that the DOD has specifications for competitive buying for 99 percent of all DPSC centrally managed drugs.