STATEMENT OF RICHARD L. SEGGEL, DEPUTY ASSISTANT SECRETARY FOR HEALTH POLICY IMPLEMENTATION, OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH AND SCIENTIFIC AFFAIRS, DHEW; ACCOMPANIED BY ALBERT J. RICHTER, ASSOCIATE COMMISSIONER, MEDICAL SERVICES ADMINISTRATION, SOCIAL AND REHABILITATION SERVICE; MARION J. FINKEL, M.D., DEPUTY DIRECTOR, BUREAU OF DRUGS, FOOD AND DRUG ADMINISTRATION; MORRIS OLDER, DEPUTY ASSISTANT BUREAU DIRECTOR, DIVISION OF PROVIDER REIMBURSEMENT AND ACCOUNTING POLICY, BUREAU OF HEALTH INSURANCE, SOCIAL SECURITY ADMINISTRATION; ALLEN J. BRANDS, CHIEF PHARMACY OFFICER, PUBLIC HEALTH SERVICE; AND JONAS ROSE, PHARMACEUTICAL CONSULTANT, MEDICAL SERVICES ADMINISTRATION, SOCIAL AND REHABILITATION SERVICES

Mr. SEGGEL. Thank you very much, Senator Nelson.

First of all, I would like to introduce my colleagues who represent the agencies having primary concern with this subject in HEW.

On my left is Dr. Marion Finkel, Deputy Director of the Bureau of Drugs, Food and Drug Administration.

And on her left is Mr. Albert J. Richter, Associate Commissioner, Medical Services Administration, Social and Rehabilitation Service.

And on his left, Morris Older, Deputy Assistant Bureau Director, Bureau of Provider Reimbursement and Accounting Policy, Bureau of Health Insurance, Social Security Administration.

And on my right is Mr. Allen J. Brands, Pharmacy Liaison Officer, Office of the Administrator, Health Services and Mental Health Administration.

And I ask them, as you suggested, Mr. Chairman, to comment as they wish on some of the points, because they are the experts in this area.

I am here to present the general policy position of the Department in response to your request, Mr. Chairman. And we are most pleased to be here to do this.

In order to effect economies in drug purchasing, it is the Department's policy that drugs shall be purchased at the lowest possible cost consistent with acceptable standards of identity, strength, purity, safety, and effectiveness, with due regard for the welfare of the patient and the professional judgment of the prescriber. Reimbursement program policies seek similar ends.

In the course of my testimony I will describe further in detail this general policy, relate the steps undertaken to demonstrate methods for improving rational use of drugs, and summarize the efforts of the Department in advancing practitioner education and information in this area.

The first subject I would like to discuss is the drug efficacy policy.

The overriding Federal policy is to remove ineffective drugs from the market. As you know FDA has this responsibility and has received great assistance from the Drug Efficacy Study of the National Academy of Sciences-National Research Council. The Drug Efficacy