responsibility for seeing that the drugs included in formularies are effective and safe.

Senator NELSON. As you know, there are all kinds of ways to design a formulary. My question was: Has the Department made any evaluation of the quality of the formularies adopted by the 20 various States? Anything can be called a formulary. You can put all the drugs on the marketplace on there if you wanted to, I suppose.

Mr. ROSE. That is true. Formularies serve the purposes of different States. Some were limited to only the items that were paid for and determined by the formulary committee. And other States in effect listed all drugs available, and they just had code numbers and unit prices which expedited the handling, not necessarily the assurance that the drugs are of the required quality.

Senator NELSON. Thank you.

I suppose I could ask this question at just about any point. On December 11, 1970, 1½ years ago, the Surgeon General, Jesse Steinfeld, issued a memorandum to all components of the Department of Health, Education, and Welfare that: "It is the policy of the Department that Federal funds will not be expended for purchasing drug products classified 'ineffective,' or 'possibly effective' by the Food and Drug Administration for use in its direct care programs, its contract care programs under the direct care progams, its Federal grant programs, and the medicare and medicaid programs for inpatients and outpatients with two exceptions."

In addition, on the same day the Surgeon General directed HEW agencies to establish the necessary procedures within 45 days to implement departmental policy prohibiting the use of Federal funds for the purchase of drug products classified as "ineffective" and "possibly effective" by the Food and Drug Administration.

On January 1971 the Medical Services Administration notified all Associate Regional Commissioners for Medical Services of the Departmental policy relating to purchases of "ineffective" and "possibly effective" drugs. The Medical Services Administration stated that the program regulations were being amended to implement this policy for medicaid.

On May 10, 1972, almost 1½ years later, the Comptroller General of the United States reported that regulations have not been issued to implement the revised Federal drug policy for medicaid.

I will ask that the memorandum from Jesse Steinfeld dated December 11, 1970, be printed at this point in the record, and that a letter from the General Accounting Office signed by Mr. John D. Heller, Associate Director, written to Mr. John D. Twiname, Administrator, Social and Rehabilitation Service, Department of Health, Education, and Welfare be printed in full at this point in the record.

(The information referred to follows:)