

Now, that is a negative way of putting it. Why not put it in a positive way, we will reimburse for these drugs and none other?

Mr. SEGGER. I think it is a matter of the way you administer that program, to what extent the Federal Government will lay down those kinds of requirements. As I say, we are putting our bets on the regulatory process, and the process of continuing education, if you want to call it that, when you are getting to the practitioners as well as the people at large. And we hope to get a lot of mileage out of that, although the Senator is somewhat skeptical.

Mr. GORDON. Perhaps you can do it by buying on a central basis, that is, you order drugs by direct purchase. You don't even have to touch the drugs at all. You order it from the company, the company ships directly to the drug stores, and the Government pays the drug firm. The drug store dispenses the drug. The Government receives the bill from the druggist for his services.

Mr. SEGGER. It would obviously involve some additional administrative machinery. I believe there is a study going on on that.

Mr. BRANDS. This particular method was discussed. I don't think that it has gone much further than the discussion stage. I think you would run into problems with this because your community practitioner would have to keep separate stock. If he had Government stock on hand for his medicaid patients or medicare patients, and then he had stock for his private patients, there would be a lot of confusion because of switching back and forth. In addition, it would be terribly hard on the practitioner. What the savings would be, I do not know. But I think that it would be most difficult for all concerned to administer by central purchasing and distribution.

Mr. GORDON. Yes, but it is also difficult to be spending one and a half billion dollars on drugs when we don't even know what we are spending for and what we are paying for it.

Mr. BRANDS. I agree with you. But I think a study like the San Joaquin study may develop a method whereby we can keep our finger on what is going on better than we can right now. I think that we are looking for waste and methods to improve the system and keep track of what is going on.

Senator NELSON. Just so there wouldn't be any misunderstanding, I don't claim to have the answer, and suggest that if you have the answer we would be glad to take it. I simply say that it is becoming a very serious problem as to which we have to find some sensible, reasonable answer.

If every institution at least had a good formulary that was scientifically designed, and an internal program of enforcement of that formulary, basically your problem would be solved, and it is handled at the local level. As you know, lots of institutions do have that kind of a system, and more of them are developing it. And from an institutional standpoint perhaps that problem will be resolved at some stage at least in general hospitals. I don't know how you do it in, say, in nursing homes, where you don't have the same critical collection of scientific expertise to develop the formulary.

Thank you very much.

You will submit those statistics on the drugs?

Dr. FINKEL. Yes.