

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

(Present Status of Competition in the Pharmaceutical Industry)

WEDNESDAY, FEBRUARY 20, 1974

U. S. SENATE,
SUBCOMMITTEE ON MONOPOLY OF THE
SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 6202, Dirksen Senate Office Building, Senator Gaylord Nelson [chairman of the subcommittee] presiding.

Present: Senator Nelson.

Also present: Chester H. Smith, Staff Director and General Counsel; Benjamin Gordon, Staff Economist; and John O. Adams, Minority Counsel.

Senator NELSON. The Subcommittee on Monopoly of the Senate Small Business Committee is today resuming its hearings on the efficiency, economy and rationality of the Federal agencies and departments in the procurement of drugs, as well as reimbursement under various programs of Government.

The subcommittee is particularly interested in finding ways in which competition can be promoted and the cost of drugs to Government can be reduced both in direct procurement of drugs and in reimbursement for drugs under medicare and medicaid. The witnesses have been asked to discuss: (1) efforts of Federal agencies to reduce the cost and to improve the procurement and supply of drugs in the Federal Government; (2) progress by Federal agencies in implementing the recommendations included in the Comptroller General's Report on Federal drug procurement dated December 6, 1973; (3) views of drug purchasing agencies concerning consolidation within the FDA of quality assurance activities relating to Federal procurement of drugs; (4) the efforts of the Federal agencies to: (a) promote the use of formularies and encourage the use of generic products, and (b) assure that only effective drugs are procured and used in Federal programs; (5) the relationship of FDA with other Government agencies in drug procurement and reimbursement; (6) the steps taken by the Food and Drug Administration to ensure a uniformly high quality for the Nation's drug supply.

Our witnesses today are Mr. Elmer Staats, Comptroller General of the United States and Dr. Alexander Schmidt, Commissioner of the Food and Drug Administration.