a drug formulary. This formulary generally consists of monographs on those products selected by the P. & T. Committees for use in the facility.

Generally, prescriptions will not be filled for drug items not included in the formulary. However, exceptions may be made with special permission.

These monographs include the nonproprietary names of the drug, therapeutic classification, dosage, and instructions regarding product usage. The VA has also instructed its physicians that generic identification of prescribed medications is preferred to the use of brand names.

The HEW agencies that provide direct patient care, such as the Indian Health and the Federal Health Program Services of the Public Health Service, require that all field installations be serviced by P. & T. Committees responsible for the development and maintenance of current formularies of accepted drugs.

The formularies are required to list drug items by their official generic, or nonproprietary names, and only formulary drugs are authorized for routine use by HEW installations providing direct patient care.

Among the items the P. & T. Committees are required to consider in developing their formularies are comparative efficacy of formulary drugs with other drugs intended for the same use, evaluation of the benefit/risk of formulary drugs, and cost effectiveness.

Under part A of the medicare program, drugs are paid for by the Social Security Administration, through fiscal intermediaries, as part of the eligible recipients' total hospital bills.

Under part B of the program, Federal coverage for physicians and related services are provided through organizations known as "carriers".

Coverage of drugs under part B is limited to those drugs which are commonly furnished in physicians offices and which cannot normally be self-administered.

The regulations for medicare state that in order for a drug to be covered under part A, it must represent a cost to the institution in rendering services to the beneficiary, and either be included or approved for inclusion in specified drug reference volumes or approved by a P. & T. Committee—or equivalent—for use in the participating hospital.

In order to be covered under part B, costs of eligible drugs, like those of other medical services, must be accepted by the carrier as reasonable and necessary.

Under this system, SSA generally is not provided detailed information concerning the specific drugs that are being prescribed under medicare. SSA advises that there are currently no regulations which encourage the use of generic drug products.

Under the medicaid program, which is administered by State agencies with Federal guidance and reimbursed in part by the Social and Rehabilitation Service, the use of formularies and generic products is optional.