

medicaid drug program, and have already observed that States are continuing to pay for "ineffective" and "possibly effective" drugs.

For example, in 1 month, September 1973, three States paid an estimated \$692,000 for such drugs. Also, we contacted officials of two additional States—which were included in our 1972 review—and were informed that these States had not changed their policy concerning payment for ineffective and possibly effective drugs and would not do so until SRS issues its final regulations concerning this matter.

Now, we have again brought this matter to the attention of HEW in a letter to the Secretary dated February 15, 1974, which we will be happy to have included in the record at this point.

Senator NELSON. We would like to have the letter for the record.

[Testimony resumes at page 9939. The material referred to follows:]