registration requirement. But beyond that there is total agreement between the Food and Drug Administration and ourselves on the need to take these actions, and FDA has taken actions.

Mr. GORDON. HEW's Secretary Weinberger said that his Department will adopt the policy for reimbursement for drugs under medicare and medicaid at the lowest generic price available. Do you see any reason why this same policy should not be applied by the DOD to its CHAMPUS program—that is, the DOD's home program—or the VA to its home program?

Mr. AHART. Well, I think certainly the principle involved in the Secretary's policy decision would be applicable to the CHAMPUS program and to the Veterans Administration's home town pharmacy program, even though they are both smaller volume programs than the programs the Secretary is dealing with. But in principle, the same policy should be applicable.

Senator NELSON. I guess that is all the questions I have.

Thank you very much for you very valuable testimony, Mr. Staats.

Do you have any questions, Mr. Adams?

Mr. ADAMS. Just one, Mr. Chairman. Thank you, Mr. Chairman.

Mr. Staats, it appears from your testimony that neither DOD, HEW, or Social Security Administration require that formularies list drug items by their official, generic or nonproprietary names, while in some cases they are preferred or recommended.

Would you share with the committee your thoughts as to whether you think this is a wise course of action, or whether the use of the generic, nonproprietary name should be mandatory, where possible, in this program and other Federal programs?

Mr. STAATS. In general we do favor this, and we have previously testified here to that effect. As to whether it could be made mandatory or not at this point in time I would like to ask my colleagues to express a judgment on that point.

I think that would come down to a question of practicability. But in general, we do support the concept.

Mr. AHART. Yes. I think many formularies in use in hospitals do use both the generic name in all cases and the brand names if applicable; and certainly, I think we would, as the Comptroller General has stated, agree with that principle, that the generic identification of the drug should be included in the formularies.

Mr. ADAMS. On page 19 you discuss the fact that DOD has placed no restrictions on drugs that may be prescribed under the CHAMPUS program. I take it then that under this program DOD could and probably is paying for drugs already determined to be ineffective or possibly ineffective by the FDA.

Is that an accurate understanding?

Mr. STAATS. That would be correct. That would be a correct interpretation of our statement, yes, sir.

Mr. ADAMS. And one last question.

On pages 4 and 5 you discuss pending legislation that deal with medicare and medicaid and the possible future passage of a national health insurance plan. Later on in your testimony you point