

with 189 medical schools. We think this insures that our therapeutic practices in the VA in large measure parallel and reflect the teachings and practices in those academic institutions; in other words, the best currently recognized in the country, even though that may not always exactly be the same from station to station in each therapeutic instance.

However, internally in the VA hospitals we think we have fairly tight control on that, and our prescription blanks which, by the way we supply to the 100,000 or more fee basis physicians, has on it a specific place where there is a check which says "Another brand equal in quality of the same basic drug may be dispensed unless checked." If that is checked, it is the prerogative of the physician and we do not fight. We simply accept it.

The usual practice and the practice within the VA is that this is not checked and there is generic dispensing. It is our fee basis area where we have the difficulty.

Senator NELSON. Mr. Weinberger has announced it would be the policy for drugs reimbursed under medicare and medicaid that we will only reimburse for the lowest price of that particular drug within that particular class that is available. Is the VA going to follow that policy when HEW formerly adopts it?

Dr. LEE. We have not yet determined just exactly how to go at that. It will be very interesting to see if that can stick in HEW.

Mr. COOK. There is one difference. The Veterans Benefits Act specifically states that VA will reimburse the total cost; the veteran may not be charged any of the cost of the Federal care for which he is eligible.

Senator NELSON. Well, it seems the way you get around that is to send out a schedule. There are approximately 700 compounds in the marketplace under 20,000 names. That means that there are on the average 30 versions of the same compound in the marketplace for each of the 700 compounds. It would seem to me that you would simply advise the physicians that you are not going to permit them to prescribe the highest priced version of these compounds, unless there is a medically sound reason to do so. That, in effect, is what HEW is going to do. Of course, they will say we will not reimburse, which means if the doctor writes the prescription the patient may have to reimburse the difference. That will not cost very much because the doctor will have it called to his attention that the patient is paying out of his pocket for a drug which is available on the marketplace at a much smaller price.

Dr. LEE. With the fee basis physicians, we feel we cannot be quite as dictatorial.

Senator NELSON. Within the VA hospital you can. We raised this question, did we not, 2 years ago? The response was that it was very difficult; that it was very difficult to tell the doctor at the VA hospitals and various parts around the country that he cannot prescribe a particular brand that he wants to prescribe. It would seem to me that if anybody could establish a formulary, the Army and the VA ought to be able to do so. Many formularies require conformity of physicians in their prescribing practices, unless they have