

in savings of 5 to 8 percent in the overall HEW reimbursements for prescription drugs and in addition have a beneficial impact on drug pricing throughout the country. I would like to take this opportunity to certainly reaffirm the Department's commitment to this policy and assure this committee that regulations to implement this policy are being developed.

Senator NELSON. I guess this question would fit just about any place. As to that policy, I have a list of drugs here. One drug is Polycillin, which has the generic or official name of ampicillin.

Now, Polycillin wholesales, 100 capsules, 250 milligrams, at \$14.85 under the brand name price. Under the generic price, wholesale, ampicillin is \$4.70.

I have a whole list here. Ampicillin again, under the trade name of Penbriten, 100 capsules, 250 milligrams, \$14.54, ampicillin, generic price, \$4.70. Here is Pentids 400, 100 tablets, \$10.04. Under the generic name of penicillin G, \$1.45, wholesale.

Will it be your policy, then, that you will reimburse at the ampicillin generic price, at the penicillin G, generic price, and that price only?

Dr. EDWARDS. Well, I think that is exactly what we are trying to come to grips with right now. We obviously are not going to pay the excessive price or the high price. There are a number of issues that have to be taken into consideration when one is considering the lowest price and whether or not, first of all, the drug is generally available. We are trying to establish in what range we should establish this lowest price generally.

Senator NELSON. But you would agree that ampicillin is generally available, right?

Dr. EDWARDS. That is right.

Senator NELSON. And penicillin G?

Dr. EDWARDS. Penicillin G, both would be generally available, that is right.

Senator NELSON. Let us take the antihistamine chlorpheniramine. Under the trade name of Chlor-Trimeton, a thousand tablets, 4 milligrams, the price is \$21.65. Under its generic name it is available at \$1.05.

Dr. EDWARDS. There is no question that it is generally available but not necessarily generally available at the lowest price. In other words, manufactured at the lowest cost doesn't necessarily mean it would always be generally available. In other words, we have got to be certain that when we develop a price on a drug that is truly available at that price in interstate commerce and you can buy that drug for the same price in Washington as you could in Los Angeles. It is conceivable that a small manufacturer in the State of California could sell the drug at a price that was lower than it could be found any place else in the country and that would not be at the lowest price generally available.

Senator NELSON. Well—

Dr. EDWARDS. What I am saying, we have got to be certain that we come down at a level that truly is representative—that is one which would be available throughout the country. And I don't think