

Department of Health, Education,
and Welfare

The HEW agencies that provide direct patient care, such as the Indian Health and 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 benefit/risk of formulary drugs and cost effectiveness.

Under Part A of the Medicare program, drugs are paid for by SSA--through fiscal intermediaries--as part of 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.