

10518 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

already noted that States were continuing to pay for "ineffective" and "possibly effective" drugs.

For example, in one 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.

We have again brought this matter to the attention of HEW in a letter to the Secretary, dated February 15, 1974.

Mr. Chairman, this concludes my statement. We shall be happy to answer any questions that you or other members of the Subcommittee may have.