Further, I would regard it as a professional tragedy if pharmacists once again bailed out the industry to the detriment of the public and their own profession.

I simply read that into the record because it is quite obvious that there was an organized campaign to produce letters to you indicating opposition.

Secretary WEINBERGER. That is all the more welcome because of its rarity. Usually the letters we get are of a different character. Thank you, Mr. Chairman.

A number of physicians have also raised the point that they feel that regulations would interfere in the practice of medicine and would create a second, or lower class of medicine for beneficiaries of public programs, and obviously we disagree very strongly on both points. The proposed regulations make clear that any physician will be able to order a drug priced above the MAC limit simply by certifying ts medical necessity. The present language requires the prescriber to certify that the requested brand "is the only brand which can be tolerated or will be effective" for a given patient. Many physicians have indicated that this is impossible without testing all of the other brands. We believe that this objection has some merit, and we are considering some alternative language. For one thing, we do the testing, and I have the responsibility for it, and if we do run into problems, we would obviously not put those drugs on the list to which this regulation would be applicable.

The argument that lower cost implies second-class care is clearly wrong. It runs directly wrong. It runs directly counter to the well-defined trend toward increased generic prescribing by physicians to the increased participation in the generic drug market by major brand name firms and to the broad substitution authorities granted hospital staffs and hospital pharmacists—and I might add, I think also to the repeal of the antisubstitution laws in at least two States recently.

Recent study by the American Journal of Hospital Pharmacy showed that over two-thirds of the brands dispensed in surveyed hospitals were selected by pharmacists, not physicians, in any event.

Interestingly, relative few adverse comments about the quality of care and questions of liability came from such States as California, Colorado, and Tennessee where similar programs are currently in effect.

A major concern of industry is that the annual reduction of Federal and State reimbursement for drug costs that we project in the neighborhood of $49 million will result in a lowering of investment in research and new drug development.

This would disturb me very much if I thought it were correct, but we think it is hard to accept when it is applied to an industry that has spent nearly $1 billion in such research and a near equal amount in marketing and promotional efforts, and I very much hope that and believe that dollars spent on research will continue.

Remarkable things have been developed by the private drug industry by this research, and we want it to continue, and we do not believe that the new regulation really should interfere with it.

Some critics of the proposal are saying that the administrative costs might exceed the savings realized. This argument was raised when we first made the plan public some months ago, and it is strongly reiterated in a number of the comments we received among the 2,300.