Secretary WEINBERGER. Well, the Federal Trade Commission comments generally have some interesting points in it. In addition to the one you have mentioned we have had a number of suggestions on the 25 percent incentive, whether we should drop the whole thing or raise it or lower it and we are giving them serious consideration.

The basic idea is the one I mentioned and that is that we wanted at the lowest possible cost to the taxpayers the same quality, and this will necessarily involve a consideration of an availability of dispensers and pharmacists and suppliers, and we will take all of those into consideration. I think the simplest answer is that we are not completely wedded to the 25 percent incentive but we think it is about right. We did when we put it in. But we certainly are not adverse to looking at other suggestions.

Mr. GORDON. Another suggestion the staff of the FTC made was that HEW should consider as a part of its proposals making more direct and specified guidelines to the effect that antisubstitution laws should be overturned at least for drugs for which a MAC price is selected, which of course means only for drugs with no apparent bioavailability problems.

What do you think of this idea and would you discuss the effect of MAC on state antisubstitution laws?

Secretary WEINBERGER. I do not think it has any effect on the State laws. We have not occupied the field so fully as to preclude any State action. And I do not know that it is even in the area where that could be done.

Generally speaking, the MAC regulation will not affect State antisubstitution law. On the other hand, I think the benefits that will be derived from this new policy will be such that a great many States will follow the lead of Florida and a couple of the others in repealing their antisubstitution laws. But we would not counsel the States on what to do in that connection. We believe the States should make their own decisions. but we do think the obvious benefits and merits of this program would lead a lot of States to question seriously whether they want to maintain a law which forces them to pay higher prices.

Mr. GORDON. I would like to ask a question here on the OTA report. Now, the OTA report on drug bioequivalence presents two documented cases of therapeutic inequivalence—digoxin and thyroid, the latter, that is, the thyroid, being reported 13 years ago.

Is the thyroid case, and I presume this would be properly directed to Dr. Schmidt, is the thyroid case a good case of therapeutic inequivalence?

Dr. SCHMIDT. From the case you report that was in the literature, I would have to say yes. But I would also quickly say that that seemed to be kind of an aberrancy in the system.

Mr. GORDON. Well, since the OTA panel could find only two documented cases of therapeutic inequivalence at least for the last 13 years, would you not say that that indicates that we have an excellent record in this field?

Dr. SCHMIDT. I would certainly say that the record supported the contention that drugs are both safe and effective that are on the market. I think a number of problems in bioequivalence have come to light because of therapeutic inequivalence. There are more than the