The National Pharmaceutical Council is an association composed of 26 of the Nation's principal pharmaceutical manufacturers.

Senator ABOUREZK. Excuse me, Mr. Trygstad. Could you speak into the microphone a little more closely? It is difficult to hear you even from here.

Mr. TRYGSTAD. Certainly.

It was established in 1953 to serve the following purposes:

To promote the interests of the public, physicians, pharmacists, and others in the pharmaceutical industry by encouraging the highest standards of ethics and integrity in the manufacture, distribution, and dispensing of prescription medication and other pharmaceutical products.

To benefit the pharmaceutical industry by promoting public relations programs on behalf of pharmacists and others in the industry.

To collect and disseminate information concerning laws, regulations ,and governmental agencies dealing with the manufacture and distribution of prescription medications and other pharmaceutical products as a contribution of the better understanding thereof in the public interest.

The council maintains close relations with pharmacists, physicians, professional organizations, and colleges. NPC also communicates with administrators of governmental and other third party pay health care programs to keep informed in the development or improvement of such programs. To exchange information and views with consumer groups and related organizations, NPC also has recently established a public affairs office.

The council agrees with HEW's desire to contain the costs of drugs purchased under the Federal programs. But the objective must be the lowest cost consistent with the maintenance of quality medical care for the aged and the disadvantaged. For two reasons, NPC does not believe the HEW proposal as published will achieve this objective. First, the proposed program would jeopardize the health and welfare of patients because of unresolved problems of therapeutic inequivalence and quality differences among pharmaceutical products which would be selected primarily on the basis of lowest price. Second, the proposed program, as described, would save little or no money for the Government. Administrative costs, as yet not enumerated by HEW, could exceed the monetary savings, if any, resulting from the purchase of lower priced drugs. Moreover, the use of cheaper but less effective drugs could, in the long run, increase the overall cost of health care.

The remainder of my statement will address these points and, in keeping with chairman's request, will conclude with comments on the relationship between the Maximum Allowable Cost proposal and State antisubstitution laws.

First, then, on the health and welfare of patients. In proposing its MAC program, HEW has brushed aside the real and potentially serious problem of therapeutic inequivalence among chemically equivalent pharmaceutical products. Significant variations in effectiveness have been shown to exist for many drug classes. Before adopting any program under which drug products other than those chosen by the prescribing physician are recognized for reimbursement, the Government should be required to make a positive determination of equivalence for the products to be interchanged.