around? If there are 25, 30, or more companies, competent companies, that pass the inspections annually of drugs in the market, have good quality control, meet the good manufacturing practices, and there are many versions of the same drug available in the market, and they vary in price from $1 to $20 a hundred, do you not think it ought to be the burden of the company that is charging $20 to come up with the evidence that, "Mine is better than the $1 one." To do carefully controlled clinical tests on all 20 would be an incredibly, impossibly expensive thing to do. But if they meet compendial standards and the Government says, "They are in the marketplace because they meet compendial standards. The manufacturer meets the Good Manufacturing Practices requirements, we cannot prove that they are identical, but they do meet all of the compendium standards, such as the proper amount of the active ingredient, the right dissolution rate, and whatever other standards there may be, and since we do not know which one of the 20 might be slightly better, if it is, or if there is any difference, until we can prove it, we are not going to pay 20 times as much."

Is that not the rational position to take? On what grounds does the physician justify taking the highest priced one versus all of the other brand name companies and saying, "Well, that is my decision. The Government is going to have to pay for it"?

Mr. TRYGSTAD. I do not think they are all taking the highest priced one.

The CHAIRMAN. I did not say they were. But all right, those who do.

Mr. TRYGSTAD. I think there are other ways of dealing with it. Farther along in our statement, we suggest a system of peer review, along with computerized utilization data, which would question the prescriber who consistently, without good reason, prescribes the most expensive product.

This can be done in other ways than by imposing a flat administrative price ceiling, and we have said right along that we are in favor of cost containment. We are only talking about the techniques that are now being proposed which we do not feel are workable.

The CHAIRMAN. Well, you represent the 26 biggest companies, the brand name companies. What should the Government's posture be when a firm submits a bid to the Defense Department, to New York City, to a general hospital some place on a competitive basis but the company is selling its brand name in the marketplace at 20 times the price offered to the Defense Supply Agency? Should the Government pay that price? It is a pattern resulting from brand name identification and the antisubstitution laws that you gentlemen supported and you have got the doctors educated to that one name. You have attained a position in the marketplace that is monopolistic or tends to be monopolistic. But when you have to go to sell your product under a bid to qualified buyers who can assay the product, bang, you go from $17.90 to pharmacists in the case we looked at on prednisone on the very day you are bidding to New York City at $1.20 a hundred, and lose it on a bid for 80 cents a hundred.