anism, would preclude payment at the higher price. The pharmacists may then have to ask the patient to pay for the medication.

Mr. GORDON. I see.

What is the experience of Colorado with the antisubstitution laws? What effect do the antisubstitution laws have on its program?

Mr. MARGREITER. Well, in Colorado the antisubstitution laws are still in effect. The pharmacist would need to call the physician to substitute a lesser priced generic drug as they could in California.

We presently have proposed a statute to repeal the antisubstitution laws in Colorado based on the development of a formulary, a State formulary. It would be similar to the State of Maryland on a larger scale, which would allow the pharmacist to substitute the generic equivalent product if it was listed in the State formulary rather than give him the blank authorization to choose which product he would like to substitute.

Mr. GORDON. Are you saying the antisubstitution laws do impede the efficient administration of your program?

Mr. MARGREITER. To some extent, but not entirely. In Colorado we have not gone the lowest generic price. We have gone somewhere half—halfway between the high and the low. One of the reasons we did not go too law was the fact that we did not want to impose a problem where a pharmacist could not dispense the drug.

In many cases the price. the maximum allowable price we did establish, the pharmacist could still buy the product directly or through volume purchasing or through other means and be able to dispense a product without having to call the doctor. But we wiped out, in some cases, the exorbitant markup.

Mr. GORDON. You mentioned that you have a drug formulary. What do you mean? Is it like a hospital formulary which includes only a limited number of drugs which are considered medically important?

Mr. MARGREITER. The formulary is considered for medicaid—are you talking about for medicaid or the other one in the antisubstitution bill?

Mr. GORDON. I am talking about the medicaid.

Mr. MARGREITER. Alright, the medicaid drug formulary is considered a closed formulary. In Colorado we call it a controlled formulary in that we do not exclude the majority of drugs. Almost any drug manufacturer's product goes into the formulary and there are approximately 4,500 products in our formulary. The drugs which are not included are drugs with a high abuse rate, such as amphetamines, the over utilization drugs, such as vitamins, but there is a means whereby the physician can prescribe or get these products. The physician can request the vitamin or the drug for a hyperactive child, and this is reviewed so that the patient is not deprived of this type of drug.

Mr. GORDON. So your formulary is not really like a hospital formulary which may have 300 or 400 drugs on it?

Mr. MARGREITER. No, it differs from a hospital.

Mr. GORDON. You say on page 3 of your statement that your formulary committee reviews those cases of overutilization and so on and so forth in an attempt to curtail drug abuse. How successful have you been in curtailing the overutilization of drugs?

Mr. MARGREITER. I think we have been most successful.