Mr. STETLER. Precisely. We have that with drugs, too.

The CHAIRMAN. And that is all that they are saying that you do here——

Mr. STETLER. They are not saying that. They are saying here that we are going to make all these across the board assumptions, we are not going to do any additional inspecting, set up any additional criteria, accept any qualified bidders, we are going to make these assumptions, good, bad, and indifferent, and base our reimbursement figures on the lowest priced producer.

The CHAIRMAN. The lowest priced producer that meets the appropriate compedial standards, and is responsible, is the one that ought to get it. You keep arguing that even after a patent has expired, the former patentee should still be able to charge a higher price because he does research. Under our system the expiration of a patent should attract competition including manufacturers who did absolutely no research at all.

Mr. STETLER. But they do charge higher prices for their products, I am sure part of which goes to subsidize their current research, just as we do. That is the history of the drug industry. The patent has expired, but that doesn't mean that none of the price that later comes out of that multisource product, when you have additional competitors, doesn't go for research. It does.

The CHAIRMAN. Then if that is your argument, you ought to be prepared to require that all drugs be prescribed by their official name, and allow those companies who want to charge more to do so but not because of their capacity to implant the brand name in the minds of the physicians who will continue to prescribe it regardless of price.

Mr. STETLER. We are perfectly prepared to compete with any of those firms in the marketplace if you put us all in the marketplace under the same standards.

The CHAIRMAN. And the same official name?

Mr. STETLER. The official name isn't really the problem. The question is does the manufacturer have to be registered, certified, and inspected by the FDA, does he have to prove that his products are safe and effective? Does he have to submit bioavailability data to FDA on his products? Does he have to be able to demonstrate a capability to back them up when he has to have a recall? If you make everybody follow the same rules in this ball game, we can compete any day of the week. It is when you advantage the fellow who gets into the game and he has five strikes instead of three, that it is pretty hard to make out.

Mr. GORDON. May I interrupt here.

I think your present view, Mr. Stetler, is inconsistent with your previous views. You want these companies to show that their drugs are effective before they are considered for reimbursement, is that correct?

Mr. STETLER. Yes.

Mr. GORDON. On the market. OK. Yet when the Surgeon General of the United States issued a memorandum which said that we would not reimburse for any drugs other than those that have evidence of safety and efficacy, you protested.

Mr. STETLER. No. Go back. I know what you are talking about.