

12370 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

lower priced, lower quality products? What effect, if any, would it have in encouraging buying direct rather than through a wholesaler?

3. Distribution of Price Information

The third component of the HEW proposal is to "make comparative price information on drugs available to practicing physicians and pharmacists to enable them to consider costs as they prescribe and dispense drugs for their patients".

We fully acknowledge the validity of this approach. In our alternative proposal we have also suggested the distribution of price information and other important facts regarding quality and safety. We believe that all of this information should enter into the prescribing decisions of physicians and be part of the criteria considered by utilization review committees.

B. Direct and Indirect Administrative Expenses

The health care industry and the public in general have the right to insist that government subject any proposal for a social innovation or for a change in the system of drug delivery and reimbursement to a cost-benefit analysis analogous to the risk-benefit analysis that the FDA applies to a New Drug Application and which the practicing physician applies every day when he has to decide on a course of therapy. This kind of cost-benefit analysis is not provided by relying on simplistic slogans, such as the assertion that the government should not pay more for drugs than absolutely necessary. Hard data must be produced.