

that out-of-hospital prescription drugs can be provided under programs that are medically acceptable and economically sound.

Federal Programs

Through direct purchase or reimbursement, the Federal Government is now concerned with the provision of prescription drugs through several major programs. As shown in Table 1, expenditures for drugs in these programs totaled more than \$491 million in fiscal year 1967.

DOD Military Procurement. The largest direct drug procurement program is that of the Department of Defense, with its responsibility for supplying about 3,000 military establishments in this country and overseas.

A major characteristic of the DOD operation is its testing and inspection program to assure drug quality and the ability of the products to withstand prolonged exposure to climatic extremes. DOD sets its own drug specifications, maintains its own manufacturing plant inspectors, and operates its own testing program. Manufacturers must undergo stringent pre-award surveys of their facilities as well as testing of their products