

The figures on pharmaceutical purchases and figures on competitive bidding provided by the VA were, we felt, inflated, since both included purchases of nonprescription drugs such as aspirin, alcohol and other such commodities.

Dr. WELLS. Well, we are going to come to that, Mr. Gordon, just a little later, but I think Mr. Whitworth should address himself to that at this point.

Mr. WHITWORTH. Well, Mr. Gordon, you realize, sir, that the information you received was only on about 50 percent of our total purchases, those from our national purchasing program.

Now, this 16 percent, sir, is both central procurement and the other 50 percent, which takes place outside our national procurement program.

Senator NELSON. You are talking about the drugs procured for veterans who are not in hospitals?

Mr. WHITWORTH. Not entirely, sir. We buy about 50 percent of our drugs on a national basis, stock them in our depots and locally, about 50 percent. Our central purchasing is the information we previously furnished this committee. For the other 50 percent, the orders are placed by our 166 hospitals, against open end contracts let by the national organization, or drugs bought locally on the local market. Some of this latter 50 percent, that which the hospitals themselves placed orders for, you did not get small business information on the specific data we furnished. It would have taken too long for us to have gotten it for you.

Senator NELSON. Then on the 50 percent that is purchased centrally by the Veterans' Administration, about 11¼ percent, a little less, is purchased from small businesses?

Mr. WHITWORTH. Well, Mr. Gordon used the term of \$91 million. For the \$91 million the 16 percent applies, yes, sir. To that portion which is centrally procured and covered by the information we have previously supplied you, the 16 percent does not apply.

Mr. GORDON. We are concerned in these hearings with small drug manufacturers.

Mr. WHITWORTH. Yes, sir.

Mr. GORDON. We are not considering drugs bought from a small drug store.

Mr. WHITWORTH. That is not what we are talking about.

Senator NELSON. So that I have it clear, do you include in your 16 percent, purchases made from retail pharmacists?

Mr. WHITWORTH. No, sir. These are from manufacturers, and we go on further, I think, in the Administrator's statement to comment upon the possibility of some of that which is bought from the small retailer or wholesalers where actually they were manufactured by large manufacturing firms.

If you listen to that part of the whole statement, sir, this part may become clear. I may be wrong, but I think it will. Our 16 percent applies to our total procurement program, the \$91 million.

Senator NELSON. And you are saying that 16 percent of all drug purchases are drugs manufactured by a small business drug manufacturer?

Mr. WHITWORTH. Some of that is an estimate, sir, but that is our