

eral agencies acquired \$37.5 million worth of drugs and chemicals and reagents through or from us, broken down as follows: \$33,500,000 ordered from Federal Supply Schedules executed by the Veterans Administration; \$3,500,000 ordered from our supply depot stocks; \$500,000 ordered from stocks at our hospitals. We also procure from time to time items made available to us from the Defense Supply Agency when that agency is able to acquire them at a lower cost than our own direct procurement.

In closing, I would like to assure this Subcommittee that we are interested in effective control of drug purchasing, and in the greatest economy consistent with our needs and the effective and safe treatment of our veteran patients. We do strive to bring competitive conditions into the drug market and to economize wherever possible. I would like to mention a couple of examples of this. The largest recovery in the history of this nation for overcharges on drugs sold at prices in restraint of trade involved the antibiotic tetracycline hydrochloride. Recognizing that competition was apparently not being developed despite availability of this item from several manufacturers, Veterans Administration reported information suggesting restraint of trade or price regulation to the Federal Trade Commission and the Department of Justice in 1955. In the widespread publicity attendant upon the Federal Trade Commission and court actions which resulted in the ordered refund of millions of dollars, the fact that the Veterans Administration initiated this action has been largely overlooked. We have taken action where we felt there was supporting evidence and alternative courses to exert the pressure of the Federal process in promoting competitive procurement for drugs.

Another example of our cost awareness is our action in procurement of rubella measles vaccine for the immunization programs sponsored by Health, Education and Welfare. When we were first requested to procure this item, the cost was \$1.41 per unit dose. As the result of our efforts to obtain a better price and our encouragement to several firms to manufacture this product, we have negotiated the unit price down to 72¢. The savings to the government for this product was approximately \$2,900,000 during this last fiscal year alone.

I assure this Subcommittee that we will be constantly alert to improve the quality, safety and therapeutic effectiveness of drug products and to expend the Federal dollars entrusted to the Veterans Administration in a prudent and thrifty manner.

Mr. Chairman, this concludes my statement. I have members of my staff here with me and we will be happy to answer questions or provide additional information which will aid you in your hearings.

(Subsequently, the Veterans' Administration submitted the following literature upon the general subject. In addition to the article, "Treatment of the Acute Alcohol Withdrawal State: A Comparison of Four Drugs," two exhibits on "Drug Treatment of Schizophrenic Reactions" and "Treatment of the Acute Alcohol Withdrawal State," and a bibliography of some other studies are included.)