

Senate Small Business Committee to present information on the Public Health Service's policy and practices regarding the selection and procurement of drug products.

The Public Health Service is one of the smaller direct purchasers of drugs among the Federal agencies. In fiscal year 1969, we purchased approximately \$6 million worth of drugs. This is less than the \$48 million worth purchased by Veterans' Administration or the purchases of Department of Defense, which amounted to more than \$100 million that year.

However, despite the relative size of our direct drug purchases, as the principal health agency of the Government we accept the responsibility for insuring that the PHS clinics and hospitals provide, within available funds and facilities, the very best drugs and care possible.

The Public Health Service in its direct medical care activities operates over 60 hospitals: 51 of these for American Indians, eight for merchant seamen and certain Federal employees, two for narcotic addicts, one for the mentally ill, and one for patients with leprosy. These hospitals have about 12,000 beds and over 100,000 annual admissions. In addition, there were over 3 million outpatient visits for treatment at the hospitals and clinics last year.

The Service is responsible for providing health care services to Indians, merchant seamen, certain Federal employees, Public Health Service commissioned officers, Coast and Geodetic officers, Coast Guard personnel, dependents of the members of the uniformed services, narcotics addicts, and victims of leprosy. In addition, the Service conducts clinical research at the Clinical Center, National Institutes of Health and research on narcotic addiction.

The scope of health care services provided includes prevention, early diagnosis, treatment and containment of disease and rehabilitation to enhance recovery.

The Service has accredited training programs for physicians, dentists, nurses, pharmacists, medical record librarians, practical nurses, and other health personnel.

Mr. Chairman, we have furnished the committee tables giving detailed information about the drugs purchased in fiscal years 1968 and 1969.

In fiscal year 1969, the Public Health Service purchased over \$6 million worth of drug products, of which 53 percent was obtained through the Veterans' Administration, 33 percent from drug companies having contracts under the Federal supply schedule, about 6 percent from the Military Defense Personnel Support Center, 4 percent by competitive bidding, and the remaining 5 percent was purchased locally or from sources without contracts under the Federal supply schedule. The General Services Administration, which is generally responsible for nonmilitary Government procurement, has delegated the responsibility to the Veterans' Administration for drug procurement.

Our goal is to secure quality drugs for use in the PHS installations at a reasonable price. Further, we want the drugs to be employed rationally in patient treatment.

There are a number of ways in which drugs can be employed ir-