

comes out to \$438,901. So, actually, this leaves a total for small business of only \$151,028.11.

Now, on the basis of total purchases of \$6.2 million, the share of small business is 2.4 percent, which I think is a rather small amount.

Now, let me ask you this. How do you determine whether to purchase through VA as against direct bidders?

Mr. BRANDS. We purchase through VA those items that they stock. If our Supply Service Center at Perry Point gets a request from one of the stations to stock the item because they feel they can get it at less cost, then our Supply Service Center will survey the facilities to see what their annual usage rate will be. Then this item will be let out on bid to see if the bid is lower than either the VA or the military if the military stocks it. If it is not a certain percentage lower, I believe the figure is 15 to 20 percent, then it will not be stocked because of costs of warehousing and shipping the products again.

Mr. GORDON. Do you have any small business set-asides?

Mr. BRANDS. No, sir.

Mr. GORDON. A certain percentage of your purchases—

Mr. BRANDS. No, sir. They are given the same opportunity to bid on our products equally with other firms, with the large businesses.

Mr. GORDON. How do you determine the quality, safety, and efficacy of the drugs you buy?

Mr. BRANDS. The quality of the drug is determined through USP and NF testing procedures at our Supply Center at Perry Point.

Mr. GORDON. You do that yourselves?

Mr. BRANDS. Yes, sir.

Mr. GORDON. Have you had any complaints about the drugs you have bought directly?

Mr. BRANDS. We have had six rejects in 1968 and three in 1969, sir.

Mr. GORDON. Could you supply those for the committee?

Mr. BRANDS. Yes, sir; we will.

(The information referred to follows:)

REJECTS BY PHS SUPPLY SERVICE CENTER FOR
NONCOMPLIANCE WITH SPECIFICATIONS

FISCAL YEAR 1968

1. Antipyrine and Benzocaine Solution: Certified Laboratories (from DPSC); crystalline precipitate.
2. Sodium PAS Tablets: Consolidated-Midland; two rejections. Low tablet hardness; tendency to chip.
3. Cascarasagroda Tablets: Brewer (from DPSC); failed USP disintegration test.
4. Sodium Salicylate, Enteric Coated Tablets: Davis-Edwards; failed disintegration test.
5. Atropine Sulfate Injection: Intra Products; wrong strength.

FISCAL YEAR 1969

1. Pseudoephedrine Tablets: Davis-Edwards; mislabeled, foreign odor, low assay.
2. Antipyrine and Benzocaine Solution: Certified Laboratories (from DPSC); crystalline precipitate.
3. Dextro-amphetamine Sulfate Tablets—Boler-made for American Quinine; labeling problem.