

8038 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

appropriate for wider application. Examples noted were (1) the dissemination of information on drug studies including drug costs and (2) dissemination of information on adverse drug reactions.

Procurement and supply system

Once determinations have been made through the selection process of the drugs which will be used, the drug supply activity must operate effectively to furnish the required items in the most economical manner. Requirements for frequently used drugs are generally met through a central stock system which allows for quantity purchases.

Veterans Administration and the Department of Defense both have reporting systems for identifying drugs for inclusion in their centralized stock systems.

In the Department of Defense, each of the three services has its own system and criteria for reporting, and they vary from each other. One result of this is that Defense-wide usage of a specific drug does not become known until one of the services recommends a drug for inclusion in the central stock system. Approval of only one service is needed to add a drug to the central supply system, but all services must concur in removing an item from the system. In fiscal year 1970, 66 drug items were added to the system and action taken to delete or discontinue procuring 106 drug items on a centralized basis.

We believe that under the current reporting systems, drug items that merit consideration for inclusion in the central