

Schedule contracts and the fact that many centrally stocked drugs are also available under the Schedule contracts.

We see no reason why Federal agencies should independently procure drugs from the same manufacturer and lose the possible price advantages resulting from high quantity purchases. We believe consideration should be given to improving Federal drug procurement practices by providing for an exchange of information between the Department of Defense and the Veterans Administration as to the estimated annual volume of drugs to be procured in order that consideration can be given to combining quantities of certain drugs for procurement purposes, using the most economical method of procurement for each drug item.

Product specifications

Another key requirement to an efficient supply system is its ability to provide, wherever possible, purchase descriptions or product specifications which permit more than one manufacturer to bid effectively.

Both the Defense Personnel Support Center and the Veterans Administration establish their own specifications on drugs. Both agencies require compliance with the applicable standards of the United States Pharmacopeia and the National Formulary to which each agency adds its own additional requirements. The professional personnel assigned this responsibility within the Defense Personnel Support Center and the Veterans Administration are chemists or pharmacists.

The Veterans Administration develops a specification when the demand for a generic product is sufficient to warrant central management or administration and when no patent exists or the patent has expired. The Veterans Administration has established specifications for about 100 of its centrally