

8042 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

managed drugs procured on a generic basis. In addition, specifications have been developed on 46 drug products administered under Federal Supply Schedule contracts.

The Defense Personnel Support Center establishes a specification or purchase description on every drug item in its central stock system.

Both agencies informed us that they use a number of sources in constructing their specifications. In addition to the monographs of the United States Pharmacopeia and National Formulary, other sources for constructing specifications include the Food and Drug Administration, drug manufacturers, the National Institutes of Health, and the American Chemical Society.

When a drug is standardized for the military supply system, the manufacturer is contacted and requested to supply sufficient information so that the item's essential characteristics can be prepared.

We explored with Defense Personnel Support Center officials the question of whether, because of the substantial reliance upon information obtained from manufacturers, military specifications or purchase descriptions are restrictive and, in effect, result in a proprietary specification. These officials contend that the specifications and purchase descriptions are constructed in such a manner that any firm knowledgeable in the drug industry could manufacture the drugs. Without a detailed study of the matter, we have no basis upon which to either dispute or validate this contention.