

Mr. GORDON. Are you buying these on a formal advertising basis?

Mr. BRANDS. Yes, sir. These are bought on a formal advertising basis by the Supply Service Center at Perry Point for drugs that are supplied by them.

Mr. GORDON. Now, on a dollar basis what percentage of the total purchases are advertised?

Mr. BRANDS. I would have to get that for you, sir. I do not have that now.

(The subsequent information was received and follows:)

PURCHASES BY FORMALLY ADVERTISED BIDS BY HEALTH SERVICES AND MENTAL  
HEALTH ADMINISTRATION SUPPLY SERVICE CENTER

Formally advertised bids to purchase drug products accounted for 33.1 percent of the purchases at the Supply Service Center. Below is a breakdown of the drug purchases.

|                                 | Value     | Percent |
|---------------------------------|-----------|---------|
| Formally advertised bids.....   | \$384,503 | 33.1    |
| Informally advertised bids..... | 140,550   | 12.1    |
| Veterans' Administration.....   | 8,851     | .8      |
| Department of Defense.....      | 627,260   | 54.0    |
| Total.....                      | 1,161,164 | 100.0   |

Informally advertised bids are for amounts of less than \$2,500 and are sent to about three to five manufacturers for quotations.

Many of the drug products purchased from the Veterans Administration and the Department of Defense were probably purchased after formally advertising for bids.

Dr. STEINFELD. I could add one point. We will look into the Peritrate both as a single compound and in sustained release form and provide a report to you as to why it was not looked at by NAS-NRC, as to what we propose to do.

(The subsequent information was received and follows:)

Peritrate was reviewed by the NAS/NRC. However, the Food and Drug Administration has not yet implemented the recommendation.

Peritrate Tablets were approved for marketing in August, 1951; Peritrate Sustained Action Tablets in October, 1955, and Peritrate Sustained Action with Phenobarbital Tablets in March, 1962.

Dr. STEINFELD. Of course, in addition to Dr. Freis's comments, we would want to review the literature and determine whether indeed it was subject to the law between 1938 and 1962 and all of the other evidence that NAS-NRC considered in making its judgments. We will review that.

I would add as a corollary to Mr. Brands' statements regarding what we have done to make our purchases more rational, that we have certainly tried, as in the recent memorandum of December, to rule out purchases of ineffective and possibly effective drugs.

Senator NELSON. Thank you very much, doctor.

Dr. STEINFELD. Thank you.

Senator NELSON. Our hearings will resume tomorrow in this room at 10 o'clock.

(Whereupon, at 12:20 p.m., the Subcommittee on Monopoly of the Select Committee on Small Business adjourned, to reconvene the following morning at 10 a.m., Tuesday, February 2, 1971.)