

In substance, we found that there are no fixed prices for purchase of drugs from foreign countries for importation into the United States.

Mr. GORDON. But you can get them to bid, can't you?

Dr. WELLS. On a large quantity, bulk quantities, but not for pharmaceuticals as such. We have been unsuccessful on them.

Mr. GORDON. What do you mean by that? You were able to get bids on meprobamate, for example.

Dr. WELLS. Yes, and we have indeed purchased meprobamate and tetracycline from foreign sources where we have been able to accomplish studies to assure ourselves through plant inspection, and so on, that we were getting quality, and to get a bid which was substantially lower than the domestic market. So we have indeed done this where we could.

Further, we have established that we cannot legally import into this country products for which an effective New Drug Application, approved by Food and Drug Administration does not exist at the time of import. At this moment, there are only three such instances of which we are aware, where the domestic suppliers are not competitive with foreign suppliers and for which there is an approved NDA in effect. One is for the product meprobamate, which we do purchase from foreign sources. Another is for nitrofurantoin, which we are studying before we reach a decision to replenish stocks. That is the matter to which we spoke a little earlier.

The third is for tolbutamide, a drug whose use is under study. We have talked with one foreign manufacturer with a potentially large capacity about what products he might offer. He tells us he is considering filing New Drug Applications on several products, but has not reached a decision to do so. We are carefully screening all announcements of New Drug Application approvals by FDA to determine if they might not offer us opportunities for expanded competition for our drug requirements.

We have selected 85 drugs which we now purchase on a sole-source basis and are studying the potential for expanding competition by seeking additional suppliers and determining if these suppliers are interested in competing for our requirements, and participating in our inspection program. Among those 85 items, we have selected 13 items for early and immediate action. We have already contacted potential suppliers to determine their interest and to determine that competition will result in lower prices.

Senator NELSON. Doctor, may I interrupt a moment. You are aware of the General Accounting Office survey of nine drugs purchased by the VA on a sole-source basis and by the Department of Defense on a competitive basis? The General Accounting Office found that VA paid 60 percent more than the Department of Defense for the same drugs.

What is your response to that?

Mr. WHITWORTH. These nine items, Senator, are among the 85 that have been chosen for generic—competitive procurement, and if I may say one more word about that, we have in our national distribution system some 544 different drug line items: 123 are now bought competitively; 336 are sole-source or as the military would say, single-source items. We can only get them from one manufacturer. This