

(3) evaluating the effectiveness of drugs, would be beneficial in reducing costs and providing service.

Mr. GORDON. Mr. Staats, to what extent is there now coordination and cooperation in purchasing by agencies of the Federal Government?

Mr. STAATS. I believe that is developed a little bit more as we go through here, but if you like, we can cover that point now. I would like to suggest that either Mr. Ahart or Mr. Crowther respond to your question.

Mr. CROWTHER. At this point, there are considerable differences in the amounts paid for drugs and they vary between agencies. Our review has shown at this point that while in some cases, the Veterans' Administration pays less for a drug than the military, there are other cases where the military pays less than Veterans' Administration.

Senator NELSON. You are talking about direct purchases by the Government, not indirect?

Mr. CROWTHER. Yes sir, direct purchases. That is the area of great concern, where there is direct negotiation for contracts for the same firms for similar products. We were concerned that one agency is procuring at a higher price than another agency. So we see the need for cooperation and better coordination in situations of that nature.

Senator NELSON. When you previously appeared we raised the issue about negotiated contracts and bids and the specifications designed by the various purchasers. Are you talking about cases in which the Veterans' Administration or Defense Supply Agency or one of the others negotiates a bid? Is that where you find significant differences, or do you find it both where it is negotiated and where there is a competitive bid?

Mr. CROWTHER. In both cases there are differences. We have examples of negotiated contracts where there are differences in price for similar products in a quite close timeframe, and we also have competitive bids—we cannot tie down the same timeframes there—where there were differences also.

Senator NELSON. Significant differences in competitive contracts?

Mr. CROWTHER. No, not nearly as significant as under the negotiated contracts.

Senator NELSON. Go ahead.

Mr. STAATS. As of January 19, 1972, the Food and Drug Administration (FDA) had published 2,339 reports as to the effectiveness of drug preparations for the indications claimed in their labeling, and had reported them in the *Federal Register*. At that time FDA recognized that several problems pertaining to drug efficacy remained. Briefly they concerned:

- Conflicting reports relating to several drugs;
- Speeding up the progress on followup actions for drugs requiring evidence to be rated "effective";
- Completing compliance activities currently in process pertaining to "ineffective" drugs;
- Completing the review, which FDA expects to publish by June 30, of the remaining drug study reports; and
- Pursuing plans for evaluating the effectiveness of over-the-counter drugs.