

3. There is a time delay in getting items included in the compendia after approval by FDA and adoption by physicians. An example is Spectinomycin, recognized by FDA as the drug for gonorrhea but not monographed in either compendia. Another example is Ketamine Hydrochloride, an injectible anesthetic.

Also discussed during our testimony was the problem of developing independent and objective specifications for use in competitively procuring drugs. Additional information regarding DPSC specifications for prescription drugs, taken from a booklet prepared for the Inter-Agency Study for Medical and Nonperishable Subsistence Items, is attached for the information and consideration of your Subcommittee. (See enclosure 2.)

During hearings you quoted an extract from a speech made by Colonel W. V. Breyfogle in which he stated that most of the information used in writing the DPSC specifications was furnished by the developers of the drugs. Colonel Breyfogle was the Chief, Medical Materiel Division, Directorate of Procurement and Production, DPSC. Colonel Breyfogle is no longer with the military. Currently, he is the Executive Director of the Medical-Surgical Manufacturers Association which provides credit information to members of the association and training courses for dealer salesmen.

Officials of the USP and NF advised us that they also obtain their information for monographs initially from drug manufacturers and that there is no alternative source for such data. It is our understanding that the initial information used by DPSC in preparing specifications for drugs is obtained from the drug manufacturers because this is the only source for the information.

As you are aware, much of the data developed by drug manufacturers during all phases of research is proprietary and must be respected as such, including information furnished to FDA in applications for investigational new drugs and for new drug applications.

With respect to variations in prices paid by cities and by the Federal Government, you mentioned during the hearings that a manufacturer quoted a price to the City of New York under a competitive procurement which was one one-hundredth of the price charged to pharmacies. You asked whether DPSC and VA were buying this drug based on specifications designed by the manufacturer.

We found that both DPSC and VA are purchasing the drug, Meticorten, on a competitive bid basis under its generic name, prednisolone. Upon examination, we learned that since December 31, 1968, no purchases have