the central system. Approximately 40 percent of the total is procured by placing orders against Federal Supply Schedule contracts. The remainder is either purchased in the local market or is a reimbursable prescription.

Senator NELSON. That is 10 percent of the total?

Mr. COOK. Yes.

Senator NELSON. What other Federal supply areas are you procuring from?

Mr. COOK. Sir, the reference was to Federal Supply Schedules. These are contracts. The Veterans' Administration is the agency that makes them for all of the civilian agencies. They may be used by any agency of Government.

Senator NELSON. What is the total annual expenditure on drugs by the Veterans' Administration?

Mr. COOK. Roughly $65 million, sir.

Senator NELSON. Six-five?

Mr. COOK. For the VA's own use, yes, sir.

Senator NELSON. That includes this 100 percent that we are talking about?

Mr. COOK. Yes, sir.

Senator NELSON. Is there any reason why all drugs purchased for Defense and Veterans' Administration should not be centrally purchased for the same agency?

Dr. WELLS. We have addressed ourselves to this problem. It probably could be done for the entire Federal Government. Thus far, it has not seemed expedient to do so because the requirements of the military, for example, in many instances are quite specific. Where they are going to use drugs in oversea areas, for example, they have very special packaging requirements and so on to take care of the different geography and weather and so on. Each agency has at least some degree of specificity about its needs.

Senator NELSON. I do not understand how that would necessarily militate against centrally procuring. Veterans' Administration would notify the central procuring agency, whatever it may be, that they need such and such drugs and bids would be let or contracts negotiated. What is the handicap on that?

Mr. COOK. Senator, there have been, to my personal knowledge, a half dozen studies of this in the Government over a period of some years. None of them has established conclusively that this would be of benefit to the VA or, for that matter, to the Government. There is such a study currently underway under the chairmanship of the Office of Management and Budget, including participation from the Veterans' Administration, the Department of Defense, and the Department of Health, Education, and Welfare, and the General Services Administration. The outcome of this study will perhaps be known in fall or early winter.

Senator NELSON. Thank you.

Does anybody else have anything to add?

Dr. WELLS. That takes care of us.

Senator NELSON. On page 3, about in the middle, it says, "The physician must be notified of the FDA classification, and he was asked to consider the use of available alternatives."

How successful was this policy of yours?