

the product. The bid is awarded in the same manner as described above.

For purchasing a quantity of drug products for which the estimated dollar value is less than \$2,500, quotations are solicited from various manufacturers. The manufacturers selected for quotations are those which have previously bid or quoted on the same or similar products.

In order to ensure economy, the lowest bid or quotation received is compared with the current market price and the price schedules of the Veterans' Administration, the Defense Personnel Supply Center and the Federal supply schedule before the purchase is made.

The procedures and policies of the Department for centralized purchasing are in accordance with the overall Federal policies of the General Services Administration.

The Department has mandatory sources of supply in order to coordinate its direct procurement of drug products with other Government agencies. These mandatory sources in order of priority are:

(1) HSMHA Medical Supply Service Center; (2) Veterans' Administration; and (3) Federal supply schedule.

The Medical Supply Service Center also purchases drugs from the Defense Personnel Supply Center for central stocking and distribution to the Department's hospitals and clinics. The center requests usage information on individual drug products which are consolidated for centralized purchasing considerations. Immunizing agents are purchased by the Veterans' Administration for the Department's Center for Disease Control, and the Defense Personnel Supply Center purchases drugs for the Division of Emergency Health Services. The Department's Medical Supply Service Center supplies drugs to other Government agencies such as the State Department, Peace Corps, Justice Department, Job Corps, and the District of Columbia.

Grantees of the Department have been permitted to purchase drug products from General Services Administration sources of supply. However, the General Services Administration published a proposal in the Federal Register on June 1, to revise the current policy and prohibit the use of the General Services Administration and other Federal sources of supply by recipients of Federal grants. Comments will be received up to July 31, 1972.

DHEW OUTLAYS FOR DRUGS

I would like to briefly review expenditure data on DHEW direct drug purchases and reimbursements to community pharmacists for drug products in the Department's direct care programs and the reimbursement for drug products to hospitals and community pharmacists under the medicare and medicaid programs. The program operated under the National Immunization Act for providing certain immunizing agents to the States and the purchases of the Division of Emergency Health Services for stockpiling drugs for national or other emergency use are included in the cost figures as direct purchases. Some grant programs, such as under section 314(e) of the Public Health Services Act and the Community Mental Health Centers Act, provide grants as a lump sum for the total operation and the cost of the drug component is not broken out separately. As a result, the drug costs in these programs are not included in the figures.