

The cost of drugs for hospitalized patients under each of the reimbursement programs was estimated on a percentage basis of the total hospitalization cost. The cost of drugs for outpatients under the medic-aid program is the Federal share of the total cost which averages at about 55 percent nationally.

With the qualifications noted above, the Department expended an estimated \$1,046,420,000 for drug products in direct purchasing and reimbursements in fiscal year 1971. Over 1 billion of this amount represents estimates for drug reimbursed through medicaid and medicare.

The Department expended \$14,067,000 for the direct purchase of drugs. Of this amount, \$5,058,000 was expended for vaccines for distribution to the States. These vaccines were purchased for the Department by the Veterans' Administration. \$1,146,000 were spent for drugs for the emergency stockpile, and purchased by the Defense Personnel Support Center.

We cannot provide estimates of the dollar value of drugs purchased by specific therapeutic categories for medicare, medicaid, the grant programs of 314(e) and community mental health, and the reimbursements for the direct care programs for hospitalized patients. For the other Department programs, a large part of the nearly \$4 million outlay for oral contraceptives includes \$3,687,000 for the Department's family planning program. Outlays for biologicals were \$5.3 million, and for anti-infectives were \$2.1 million. No other category exceeded \$1 million.

Drugs worth \$1,038,000 were purchased centrally by the Medical Service Supply Center of Health Services and Mental Administration, including \$350,000 through bids and quotations \$657,000 from the Defense Personnel Support Center and a small amount from the Veterans' Administration Depot. The Medical Service Supply Center not only purchases centrally for the Department's programs but it purchases drugs and medical supplies for other Federal departments and agencies. In fiscal year 1971, the Medical Service Supply Center had sales of these drugs and other medical supplies of \$2,467,000. Of this amount, \$1,597,000 in drugs and medical supplies were supplied to programs within the Department and \$870,185 were supplied to other Federal agencies and the District of Columbia. This service to other agencies is provided in the act which established the Medical Service Supply Center.

The total dollar volume of the 50 leading centrally purchased drug products was \$345,754. This dollar volume includes only those drugs purchased from manufacturers and does not include any drugs purchased from the Defense Personnel Supply Center. The 50 leading centrally purchased drugs were purchased from 32 manufacturers of which 16 were small manufacturers. Thirty-nine drug products were purchased from small manufacturers at a cost of \$173,206.

The routine reports generated under the medicare and medicaid programs do not contain information as to the specific drug products or their dollar volume of expenditures for either hospitalized patients or ambulatory patients. However, both programs are planning and studying methods by which such data may be obtained. With the magnitude of the health programs under medicare and medicaid a system to routinely gather this data would of necessity have to be computerized.